WeekendFT

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Not quite so victorious?

Is the monarchy out of date? **David Cannadine** explains how the Queen *might confront the dangers she faces in* her fifth decade on the throne. ....**Page I**

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Stuart Marshall makes a neat turn in a car that tells you if it is skidding.............................. **Page X**

Pep talk

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EUROPE'S BUSINESS NEWSPAPER

FINANCIAL TIMES

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Weekend February 8/February 9 1992

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WORLD NEWS

Man charged in Ashdown case is Tory party member

Simon Leo Berkowitz, 45, charged in connection with the break-in at the offices of Liberal Democrat leader Paddy Ashdown's *solicitors*, is a member of Hove and Portslade Conservative Association.

Chairman Edward Cruickshank-Robb said Mr Berkowitz "has not played any active role in the association". Page 22

Nuclear weapons pledge

Russian president Boris Yeltsin left France for Moscow after a three-day state visit during which both countries agreed to hold their nuclear arsenals to a "minimum sufficiency". Page 2

Ulster talks planned

Protestant and Catholic politicians in Ulster have agreed to meet UK prime minister John Major on Tuesday to discuss security. Irish prime minister-elect Albert Reynolds is to visit the UK later this year. Page 3

Ukraine may back down

The Ukraine may agree to accept a small part of the Black Sea Fleet, leaving the rest in the hands of the Commonwealth of Independent States. Page 2

Mercury verdict

A Tokyo court cleared the Japanese government of responsibility for an outbreak of mercury poisoning which has killed about 1,200 people since it was detected in the 1950s. Page 3

Fighting in Algeria

At least one person died as clashes between security forces and supporters of the Islamic Salvation Front erupted across Algeria. Page 3

Questions for Maxwell

Kevin Maxwell emerged from his second day in court, where he had been responding to questions about the raiding of the Maxwell companies' pension funds, to be greeted by *70 similar questions from the* parliamentary pensions committee. Page 8

Maastricht signing

European Community ministers signed the treaty on European union at Maastricht in the Netherlands. Page 22; EC growth, Page 2

N-test compensation

The US is paying almost \$11m to *Marshall Islanders suffering* from cancers caused by atomic bomb tests between 1946 and 1954.

Marijuana haul

Police in Paris seized six tonnes of marijuana worth an estimated FFr70m (\$12.9m) from a lorry they followed to Spain and back. It is the city's biggest haul.

Eubank in crash

A workman died at roadworks at Pease Pottage, West Sussex, in a collision involving a Range Rover driven by world boxing champion Chris Eubank.

Jackie Mann improves

Former Lebanon hostage *Jackie Mann left an RAF hospital* in Cyprus after being admitted nearly a month ago with *pneumonia*. He will convalesce at his home in Nicosia.

Tough break

A San Francisco taxi driver who captured a mugger by pinning him against a wall with his cab has been ordered to pay him \$25,000 compensation for breaking his leg.

BUSINESS SUMMARY

Sharp fall in US jobless may spur Fed to cut rates

A sharp fall in US employment last month fuelled speculation yesterday that the Federal Reserve, the US central bank, may cut interest rates again in the near future.

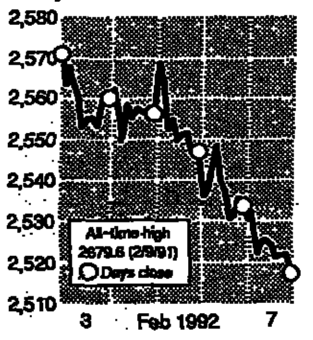
Financial markets had expected a gain of about 30,000 jobs. Instead non-farm payrolls fell by 91,000 last month. At 1.30pm, the Dow Jones Industrial Average was 40.03 lower at 3,215.56, after an initial rise of some 14 points before the Fed signalled it had not changed monetary policy. Page 2; Currencies, Page 11; Wall Street, Page 19; Lex, Page 22; US-Japan relations, Page 7

LLOYD'S Names: After a lawsuit lasting more than three and a half years, about 500 Names reached an out-of-court settlement with the *CJ* Warrilow agency and more than 20 other agents. Page 22

FT-SE: Another negative trading session in UK equities rounded off a week of persistent gloom for share prices. At the close, the FT-SE Index was 17.1 down at 2,517.2, virtually the low of the day. Markets, Page 13; Lex, Page 22

FT-SE 100 Index

Hourly movements



WOLSELEY, plumbing equipment distributor, *has made* its first move into continental Europe with the purchase of the Brossette group, France's largest plumbing supplier, at a cost of FFr931m (\$173.08m). Page 8; Lex, Page 22

COMPANY insolvencies in England and Wales reached a *record* last year with a 45 per cent increase on 1990, according to the Department of Trade and Industry. Page 3

BASS: shares in the brewing and hotels group tumbled 15p *to 520p on news* that it had filed a lawsuit in the US over the \$2.23bn acquisition of Holiday Inns in North America two years ago. Page 8; Lex, Page 22

HONEYWELL, US controls manufacturer, has been awarded \$96m by a US jury for alleged violation of its autofocus camera patents by Minolta, the Japanese camera maker. Page 10

ELECTRICITY: The UK's largest generating companies are to be allowed to sell more electricity directly to big industrial consumers rather than through regional distributors. Page 4

US airlines: Two leading carriers reported improved figures for both the fourth quarter of 1991 and the latest 12-month period, although they both remained heavily *in the red* for 1991 overall. Page 10

WEST GERMANY: A sharp drop in orders for manufactured goods in December was an important indicator of the "unstable" business *climate*, Mr Jürgen Möllemann, economics minister, said. Page 2

Ford to cut 2,100 jobs from UK operations

By Kevin Done and Diane Summers

FORD, the US car maker, is to cut about 2,100 jobs at its UK operations by the end of the year. The move is part of its drastic efforts to close the large productivity gap between its British and continental European plants.

The latest round of cuts at Ford follows a year in which *employment at British vehicle* makers, components suppliers and motor dealers has been hit hard by the recession.

The steep fall in UK new vehicle sales has compounded job cuts already being made as the European industry is forced to restructure in the face of mounting competition from Japanese car makers in Europe.

The Ford announcement was *immediately picked up by Brit*ish politicians in the pre-election propaganda war.

Mr Tony Blair, Labour employment spokesman, called the job losses a "hammer blow" to the British economy. "It underlines once again the need for government ministers to wake up out of their complacency, cease their false optimism about the recovery that has not yet happened and take Britain out of recession."

Mr Chris Patten, Conservative party chairman, said the *cuts were part of a "process of* making the British car industry more competitive and more effective in the market place".

In a further round of job-shedding in the industry, Vauxhall, the UK subsidiary of General Motors, announced yesterday that it was planning to cut 300 hourly-paid jobs from the 750-strong workforce at its Luton parts warehouse. The cuts will come in the 12 months from *September 1992* following a £20m investment to automate the operation.

Page 4

■ Motor jobs fall by the wayside

Page 6

■ Man in the News: Ford Europe chairman

■ Editorial Comment: Home-grown recessions

BMW, the German car maker, said it was aiming to cut 3,000 jobs by the end of the year. Fiat, Italy's biggest private-sector company, announced plans earlier this week for 10,300 redundancies.

Ford, which incurred heavy *losses in the UK last year*, said it planned to reduce its British workforce by 2,100 by voluntary means by the end of the year. It plans to complete most of the cuts by the end of April.

It is cutting 500 jobs at its Dagenham plant (where the Fiesta model and engines are produced), 600 at Halewood (Escort/Orion and transmissions), 450 at Southampton (Transit van) and 300 at its South Wales engine and components plants. The cuts will cover 1,500 hourly-paid and 600 *salaried employees*.

The salaried staff cuts are part of the three-year restructuring programme announced last year for Ford's white-collar staff across Europe. The company warned about the looming job cuts at the Southampton plant last month.

Mr Ian McAllister, chairman and managing director of Ford of Britain, insisted the cuts were not a short-term response *to recessionary pressures but*

Continued on Page 22

Closing the gap: ANC leader Nelson Mandela, in London yesterday, seeks to reassure foreign investors that a future democratic South Africa would service the debts of the current regime *Photograph by Tony Andrews*

Mandela calms investor fears

By Caroline Southey and Andrew Gowers

MR NELSON MANDELA made a determined effort yesterday to reassure the international business community about the economic policies of a post-apartheid South Africa.

In a two-hour interview with the Financial Times, the president of the African National Congress served notice of a fundamental review of his organisation's stance on nationalising key industries, and urged foreign companies to visit South Africa to investigate investment opportunities.

He also sought to clarify the ANC's attitude to South Africa's external debt and hinted that a new government might try to reschedule loan payments.

"Without the support of business we cannot solve our economic problems," he said. "Nationalisation is like a sword of Damocles hanging above those who want to invest. So long as nationalisa*tion is our policy, we will not* attract investors."

Mr Mandela's comprehensive review of economic policy came at the end of a week in which the ANC's credibility took a severe knock as a result of apparently conflicting signals on the economy.

While the 73-year-old nationalist leader held a series of meetings in Europe with senior businessmen and politicians, including talks with Mr John Major in London yesterday, his assurances about *foreign* investment and loans were contradicted by statements *from ANC headquarters* in Johannesburg.

Yesterday, however, speaking in a hotel at London's Heathrow airport before his return to Johannesburg – and days before the second anniversary of his release from 27 years of imprisonment – Mr Mandela sought to assert his authority over ANC policy.

He denied there was any discrepancy between his state*ments and those issued* at headquarters. In a formal *statement, which had appar*ently been cleared with other ANC leaders, he said the ANC *accepted* "that a future democratic South Africa had an obligation to service the debts which were incurred by the present regime . . . before financial sanctions were imposed by the international community."

■ ANC statement on foreign debt..........Page 3

But the *statement added*: "The terms of repayment of such loans may be re-negotiated to ensure that a democratic government is not unduly burdened by foreign debts incurred by an illegitimate regime."

Mr Mandela did, however, criticise efforts by Pretoria to *raise capital through* international bond issues, saying they amounted to sanctions busting. *He also reiterated the ANC's* plea for maintenance of sanc*tions, though most* have already been dropped.

Lending to South Africa by private-sector institutions is not prohibited. But banks cut off credit lines to South Africa in 1985 in a move which Mr Mandela believes hastened the collapse of apartheid. He is trying to impede the government's access to international capital markets until an interim government is *installed to oversee democratic* elections.

Foreign financial institutions *arranging bond issues on* behalf of South Africa, said Mr Mandela, singling out German banks, were "undermining the negotiation process in South Africa. If they have a genuine interest in South Africa they would put pressure for the immediate installation of an interim government of national unity *in South Africa*".

Borrowing is a particularly sensitive issue in light of the *current all-party negotiations*

Continued on Page 22

Fraud office drops charges in third Guinness case

By Robert Rice and Richard Waters

THE SERIOUS Fraud Office yesterday dropped charges, which would have formed the basis for a third Guinness trial against two men. The trial, arising out of the £2.7bn Guinness *takeover* of *Distillers in* 1986, was expected to start later this year.

Charges against Mr David Mayhew, a partner of stockbroker Cazenove & Co, and three charges against Mr Roger Seelig, former corporate finance director at Morgan Grenfell, currently standing trial at Southwark *Crown Court*, London, in the second Guinness prosecution, were dismissed.

An official verdict of not-guilty was entered against the names of both men.

Speculation has been mounting this week that the second Guinness trial might also be on the verge of collapse

Guinness Two which began at Southwark Crown Court last September involves Mr Seelig and Lord *Spens*, former director of corporate finance at Henry Ansbacher.

The SFO said it had decided not to proceed against Mr Mayhew after examining fresh evidence revealed by his solicitors.

Mrs Barbara Mills QC, the *SFO director who is to be the* new Director of Public Prosecutions, said: "After careful *consideration* I have come to the view that the evidence in the case as a whole is no longer sufficient to satisfy the test of whether there is a realistic prospect of a conviction."

Eight men originally faced charges in *what was dubbed* the "Financial Trial of the Century". The first Guinness trial which ended in August 1990, involved Mr Ernest Saunders, the former Guinness chairman and chief executive, Mr Gerald Ronson, Heron Group chairman, Mr Anthony Parnes, a City stockbroker, and the then-Sir Jack Lyons, a *millionaire* financier who was subsequently stripped of his knighthood.

Mr Saunders, Mr Ronson and Mr Parnes were all jailed, but have since been released. Mr Ronson was also fined a record £5m. Mr Lyons, who was not jailed on the grounds of ill-health, was fined £3m.

Mr Mayhew is the only City *defendant in the Guinness case* not to have been dismissed from the position he held at the time of the takeover.

Mr John Kemp-Welch, Cazenove's joint senior partner, said yesterday: "We have always believed in his innocence."

Asked whether the Guinness *affair had affected the firm's* business, he added: "It would be naive to claim it had done no damage." However, he said that no clients had left the firm because of the case.

Last night, Mr Seelig said: "I am delighted, not only for myself but also for David Mayhew and for Cazenove who have so admirably stood by him throughout his ordeal."

Mr *Seelig* and *Lord Spens* are accused of involvement in

Continued on Page 22

MARKETS

STERLING
New York lunchtime:
\$1.835
London:
\$1.838 (1.8165)
DM2.8875 (2.87)
FFr9.7725 (9.76)
SFr2.5575 (2.56)
Y230.0 (228.25
£ Index 91.4 (91.2)

GOLD
New York Comex Feb
\$356.5 (357.4)
London:
\$356.4 (355.4)

N SEA OIL (Argus)
Brent 15-day Mar
\$18.50 (18.45).

Chief price changes yesterday: Page 22

DOLLAR
New York lunchtime:
DM1.5625
FFr5.3175
SFr1.3925
Y125.3
London:
DM1.5595 (1.5795)
FFr5.3175 (5.3725)
SFr1.392 (1.409)
Y125.2 (125.7)
\$ Index 61.9 (62.3)
Tokyo close: Y125.52

US LUNCHTIME RATES
Fed Funds: $3\frac{13}{16}$%
3-mo Treasury Bills:
3.818%
Long Bond:
$102\frac{23}{32}$
yield: 7.758%

STOCK INDICES
FT-SE 100: *Yield 4.88*
2,517.2 (−17.1)
FT-A All-Share:
1,207.23 (−0.5)
FT-SE Eurotrack 100:
1,137.10 (−1.66)
New York:
DJ Ind. Av.
3231.89 (−23.70)
S&P Comp
410.63 (−3.19)
Tokyo: Nikkei
22,107.12 (+2.20)

LONDON MONEY
3-month interbank:
$10\frac{3}{16}$% (same)
Liffe long gilt future:
Mar $97\frac{3}{32}$ (Mar $97\frac{7}{8}$)

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US jobless rise may spur Fed to act on rates

By **Michael Prowse** in Washington

A SHARP fall in US employment last month fuelled speculation yesterday that the Federal Reserve, the US central bank, may cut interest rates again in the near future.

The Labour Department said non-farm payrolls fell by 91,000 last month. Financial markets had expected a gain of about 30,000 jobs. Bond prices rose sharply at first on Wall Street but fell back once it became clear that the Fed was not going to cut interest rates yesterday.

"I expect the Fed to take out a bit more insurance and nudge rates lower," said Mr David Rolley, senior financial economist at DRI-McGraw Hill, a forecasting group. If the Fed decides to act, it is likely to lower the federal funds rate by a quarter point to 3.75 per cent. The fed funds rate is the rate at which banks borrow from each other.

Some economists expect a bigger move. C J Lawrence, a New York broker, yesterday predicted another full point cut in the discount rate to 2.5 per cent before the end of the month. Other analysts, however, believe the Fed will resist political pressure to stimulate the economy because of signs of a revival in monetary growth in recent weeks.

The employment report – the first comprehensive guide to economic trends last month – suggests the economy entered the new year in worse shape than most analysts expected. It indicates gross domestic product may be declining, rather than static as most economists had predicted.

Employment declined in nearly all sectors, including services. Manufacturing and retailing each shed about 50,000 jobs. Figures for December were also revised down to show a gain of only 3,000 rather than the 31,000 previously reported.

The politically sensitive unemployment rate, however, held steady at 7.1 per cent last month. It is based on a less reliable data series than the payroll employment numbers.

Payrolls have declined by 300,000 since October, wiping out the gain in the previous six months of spluttering economic recovery.

Job growth in services has ceased in the past three months after steady gains between April and October. Manufacturing employment has fallen significantly for five months running.

Yesterday's report also showed a sharp decline in the factory working week last month, a sign that industrial production may have fallen substantially.

The employment figures follow a series of gloomy economic statistics, including a further fall in consumer confidence last month and a sharp drop in factory orders in December.

Sharp drop in German orders

By **Christopher Parkes** in Bonn

A SHARP drop in orders for west German manufactured goods in December was an important indicator of the "unstable" business climate, Mr Jürgen Möllemann, economics minister, said yesterday. But Mr Otmar Issing, a Bundesbank director, said later that he was not worried about the economic situation.

The 2.5 per cent fall in real terms, announced yesterday, followed three months of flat demand, and added to the gathering concern about medium-term economic prospects.

The week began with an inflationary 6.35 per cent pay award for steel workers, closely followed by news that the manufacturing production index had dropped almost four points in December.

Then the government published figures which showed a surge in unemployment, taking the national jobless total to more than 3m.

Mr Issing, the Bundesbank's chief economist, said the effects of Christmas holidays made it difficult to interpret industrial data.

Domestic industrial orders fell 4 per cent in December, although there was some encouragement in a 0.5 per cent rise in export demand, the first increase since last July.

The results for the full year showed an overall increase in orders of 0.4 per cent, thanks mainly to a rise in domestic demand of around 4 per cent, which cancelled out a 6 per cent decline in export markets.

Most economic growth forecasts, recently down-graded, and suggesting a 1.5 per cent increase in GNP this year, assume falling domestic demand and a gradual increase in exports as foreign markets recover from recession.

● The government, Germany's largest employer, went on the offensive yesterday at the start of a crucial bout of pay negotiations with public service workers.

Mr Rudolf Seiters, interior minister, said the 2.3m federal, state and local authority employees in west Germany could not expect an increase "even approaching" last year's 6 per cent award.

"Everyone involved in these negotiations must be clear that we are not talking only about public servants' pay, but also about the stability of the D-Mark and the redevelopment of the new [eastern] federal states," he said in an opening address.

And he warned that "recession would be almost unavoidable" if the conflict between monetary and pay policies sharpened.

OTV, the main union, which has asked for 9.5 per cent and an extra DM550 (£191.60) holiday pay, promised "bitter resistance" if the employers tried to turn the pay talks into a "punishment mission" against its members.

But Ms Monika Wulf-Mathies, the OTV leader, stressed her willingness to negotiate. "Pay claims are not dictates", she said, urging the employers to make a negotiable offer quickly.

Mr Seiters' aggressive speech, aimed also at the 350,000 railway and post office employees seeking the same deal as OTV, reflected concern in Bonn that last weekend's 6.35 per cent increase for steel workers has been adopted as this year's "guideline".

Ukraine backtracks on Black Sea fleet

By **John Lloyd** in Moscow and **Chrystia Freeland** in Kiev

THE war of words between Russia and the Ukraine over the Black Sea Fleet based in the Crimea seemed yesterday to produce a tactical retreat by the Ukrainian President, Mr Leonid Kravchuk.

This follows a threat by the Russian parliament this week to open the issue of whether Crimea should be part of Russia or Ukraine.

At the same time, another senior figure in Russia's defence establishment called for an end to delay in creating a Russian military force.

The issue of the military command is due to be discussed by the heads of the Commonwealth of Independent States in Minsk next Friday.

Mr Kravchuk said he would insist in Minsk that Ukraine has a fleet for the defence of its borders. "We do not say that we want a big Black Sea fleet – that is not necessary for us."

His comments appear to bring the Ukrainian leadership more into line with what has been proposed by the military commanders and the Russian leadership – that is, that the bulk of the Black Sea fleet remains a "strategic" part of the CIS naval forces, leaving a small part as a Ukrainian coastguard.

However, the issue is complicated by the growing sentiment in Russia for its own forces – which would include the Black Sea Fleet.

Mr Alexander Kotionkov, deputy chairman of the Russian parliament's committee on defence, said yesterday that the "planned creation" of separate republican armies and their collaboration in a Nato-type union would be better than the "painful uncertainty" now facing the Soviet military.

Echoing General Konstantin Kobets, military adviser to the Russian president, earlier this week, Mr Kotionkov said that Russia needed its own military doctrine and called for a more coherent structure of political decision-making on military matters.

At present, he said, seven committees and organisations had some responsibility for military decisions – meaning that no one was ultimately responsible.

● The Ukraine is willing to take over, together with Russia, the entire foreign debt of the former Soviet Union, Mr Jürgen Möllemann, the economics minister said yesterday, Reuters reports from Bonn.

Quoting President Kravchuk, Mr Möllemann told reporters, "Ukraine is prepared to take over its part and additional parts from other republics [of the CIS]".

Under the Ukrainian plan, the other CIS states would be relieved of payment obligations on their foreign debt.

The government and bank debt of the former Soviet Union is estimated to total some $70bn (£39bn).

Russian President Boris Yeltsin and French President François Mitterrand pictured yesterday exchanging a treaty on a new partnership based on "confidence, solidarity and co-operation".

Signed at the end of a three-day state visit by the Russian president, the agreement is entitled "Treaty between France and Russia", and effectively replaces the "Franco-Soviet Treaty of Understanding and Co-operation" signed with President Mikhail Gorbachev in October 1990, but never ratified, writes Ian Davidson from Paris.

The treaty promises more intensive consultations between the two countries, and says the two governments will co-operate with a view to the conclusion of a European security treaty. The two governments also stress the importance of nuclear disarmament, which they say should aim to bring down nuclear arsenals to levels of "minimal sufficiency".

France insists that it will not take part in nuclear disarmament until the arsenals of the superpowers have been brought down to comparable levels, though President Mitterrand now says that France may be prepared to slow its nuclear modernisation in response to nuclear disarmament by the superpowers. President Yeltsin said he respected the French position.

Ukraine gives Kravchuk 10 days

By **Chrystia Freeland**

THE Ukrainian parliament yesterday gave President Leonid Kravchuk 10 days to form a new cabinet and propose a new government structure for the republic.

A parliamentary resolution, which amounts to a vote of no-confidence in the government, could force Mr Kravchuk to sack the communist apparatchiks who dominate the cabinet and replace them with a new generation of reformers.

The resolution criticises the government's economic programme as "unsatisfactory" and accuses "a number of government officials of professional incompetence and administrative ineffectiveness".

The harsh words reflect growing popular discontent as the newly independent republic has lagged behind Russia's fast paced move towards market reforms.

"Ukraine is severely falling behind in economic reforms", said Mr Volodymyr Hryniov, deputy chairman of parliament a leader of New Ukraine, an opposition party pushing for radical economic change. "In Ukraine, there is a great danger that we will create a new state but forget about its context."

For weeks, Mr Kravchuk, a former communist ideologue, has promised to sack 75 per cent of the cabinet, but, by nature a coalition builder, he has been hesitant to purge the conservatives of the communist old guard.

Parliament's tough stance comes after Prime Minister Vitold Fokin's economic programme, unveiled on Thursday, emphasised subsidies and controls rather than privatisation and a free market.

Although he refused to name names, Mr Kravchuk promised to include members of the opposition in a new cabinet of national unity.

Parliament tabled until next week Mr Kravchuk's request for greatly expanded presidential powers which he argued are required to implement economic reforms.

● Western countries will begin a co-ordinated airlift of food and medicine to the former Soviet Union from next week in an emergency operation that even US officials say is more symbol than substance, Reuter reports.

The flights, organised by the US and European Community, will be launched on Monday, the Portuguese foreign ministry said.

Russia unnerved by exchange rate dilemma

THE level of foreign investment in Russia will depend on the outcome of a heated but still unresolved debate within the Russian government over whether or not to create a special exchange rate for foreign companies which wish to take part in the privatisation programme being launched, **John Lloyd reports from Moscow.**

Mr Anatoly Chubais, the Russian privatisation minister, said yesterday he was against a special rate – and said that "unfortunately", it was better to rely on administrative controls on the purchase of Russian stock until the rouble was made at least internally convertible, a process which the government hopes to accomplish this year.

That in turn depends, Mr Chubais said, on the provision from abroad of a $5bn-6bn stabilisation fund to support the rouble, support for which Mr Boris Yeltsin, the Russian president, again made an urgent call on Thursday during his visit to France.

However, evidence that some authorities plan to use a special rate came yesterday from Mr Vladimir Klimenko, deputy chairman of the Moscow Regional Council. He said that regional authorities intended to set varying exchange rates for foreign investors – varying between Rbs4 to the dollar to $2 to a rouble. The latter rate is 40 cents higher than the old fixed exchange rate.

Under the terms of the Russian privatisation law, foreigners can freely buy only enterprises which are abandoned, failing, loss-making or closed – or plants in the food processing and agricultural-products sectors. Otherwise, foreigners are only allowed to buy into new enterprises, or to take part in the bidding for a minority of shares at an auction. They may buy into large companies, banking and insurance enterprises and others only by permission of the Russian government.

Mr Chubais said the restrictions were necessary because of the low rate of the rouble – officially standing at Rbs110 to the dollar, but selling in interbank auctions for between Rbs160 – 170 to the dollar, and lower in the Baltic exchanges and on the black market.

"If we sold at this rate, it would mean you could buy a shop in Moscow for $1,000 – students could come and buy one with their holiday earnings."

The minister said that over the past two years, "wild" privatisation had meant that state assets had fallen into the hands of company managers. He said that any attempt to prosecute those who had taken the assets for themselves would be difficult because there was no framework of law within which to bring prosecutions.

The government plans to sell off 25 per cent of state enterprises this year, for a target amount of Rbs92bn – starting with shops and small companies.

The amount raised is planned to increase to Rbs350bn in 1995 and to up to Rbs500bn in 1994. Workers will be given 25 per cent of the shares, and can choose to buy another 10 per cent at favourable prices.

Serb leaders call for referendum on UN plan

By **Laura Silber** in Belgrade and **Michael Littlejohns** in New York

SERB leaders from the republic of Croatia yesterday called for a referendum on a United Nations plan to deploy 10,000 peacekeepers in a move which coincides with a report by a prominent international human rights organisation alleging Croat atrocities against Serbian civilians.

Mr Zdenko Tosic, a spokesman of the self-proclaimed Serbian Republic of Krajina, southern Croatia, said that within one month the people of Krajina, southern Croatia, would vote on the UN peace initiative.

Mr Milan Babic, Krajina's president, opposes the UN plan on the grounds that the plan will not bring a "lasting peace" to Krajina. He also objects to plans by the UN to disband Krajina's Serb irregulars, as well as the withdrawal of the federal army from Krajina when UN peacekeepers have been deployed.

Mr Slobodan Milosevic, the president of Serbia, is trying to persuade local politicians in Krajina to support the plan with promises of food and aid.

Meanwhile, Ms Jeri Laber, the director of Helsinki Watch, the New York-based human rights organisation, earlier this week told a human rights commission of the US Congress that "Croatian forces have abducted Serbian civilians, many of whom remain missing or have been found bestially murdered." The report alleges that last October uniformed Croats abducted between 130 and 150 Serbs.

Local poll in Romania will test ruling National Salvation Front

By **Judy Dempsey**

TOMORROW'S first democratic local government elections in Romania for over five decades are expected to show if the ruling National Salvation Front (NSF) will retain the majority in the forthcoming parliamentary elections and if a united opposition can emerge as a strong political party.

The elections for 40,000 mayors and 109,000 commune councils will also reveal if the power of the mayors in the 40 counties can finally be broken, and brought under greater accountability.

Under the Ceausescu regime, and the NSF government which was catapulted into power following the violent overthrow of the Ceausescus in December 1989, communist mayors have wielded enormous political, economic and social influence at the local level.

Despite winning a landslide victory in the parliamentary elections in June 1990, the NSF is no longer confident it can retain control over local government which serves as one of its main power bases.

Not only is the NSF divided between conservatives/former communists, and social democrats anxious to speed up reform; it also faces what appears to be the beginnings of a united opposition movement.

In most counties in Transylvania, for example, the Liberal and National Peasant parties, the two "historic" parties of the inter-war period, which together obtained only 13 per cent of the vote in 1990, have united with the local Hungarian Democratic Union party.

Even in Bucharest, the capital, all the opposition parties, including the party of the Civic Alliance, a movement of intellectuals, are standing on one ticket.

Beset by economic difficulties, the NSF, led by Mr Petre Roman, former prime minister, has responded to this united opposition by playing the nationalist card.

Sections of the media are whipping up anti-Hungarian and anti-semitic sentiment, and calls are increasing for re-unification with the neighbouring former Soviet republic of Moldova.

In several counties in Transylvania the NSF has united with the ultra nationalist Romanian National Union Party (RNUP).

Call for early French poll

By **Ian Davidson** in Paris

FRANCE'S opposition parties yesterday called for early general elections, in a censure motion condemning the government's handling of the Habash affair.

The opposition motion was tabled during an emergency parliamentary debate on the controversial hospitalisation last week in Paris of Palestinian leader Georges Habbash.

The censure motion, which will be voted on next Tuesday, is almost bound to fall short of the necessary majority, because the Communist Party has said it will not vote for it.

Introducing yesterday's debate, Mrs Edith Cresson, the prime minister, accused the opposition parties of exaggeration. She said they were trying to make a political affair out of what was really an "administrative error", which had rapidly been put right.

But the opposition claimed "the authority of the state has been compromised by the serious disorders which affect its functioning, and by the moral and political crisis of the country". Former President Valéry Giscard d'Estaing has proposed that the National Assembly should respond by passing a law dissolving itself.

EC growth could see Maastricht stillborn

By **David Buchan** in Maastricht

JUST hours before EC ministers yesterday put their pens to the European Union treaty in the southern Dutch town of Maastricht, an announcement to the north underlined the probable transience of the treaty's institutional provisions.

In a speech to the parliament in Helsinki, President Mauno Koivisto made clear Finland would shortly become the seventh country to make a formal application to join the EC.

This means that soon rules and structures set up originally for a club of six will have to be re-designed for a membership approaching 20. Indeed, the Brussels Commission has already embarked on a study of the implications of enlargement for EC institutions.

By another irony, the idea of such a study was conceived by President Mitterrand in the hope that it might put a brake on rapid enlargement. Instead, it has prompted virtually every would-be applicant to think it must make its EC entry bid before the study is completed.

Thus, Prime Minister Harlem Gro Bruntland of Norway is now expected to express her personal preference for EC entry in early April, and even the Swiss government is contemplating knocking on Brussels' door.

So far, the issues thrown up by enlargement are being soft-pedalled by all concerned. It will fall to the British presidency in the second half of this year to preside over the launching of the first enlargement negotiations with countries of the European Free Trade Association (Efta).

Mr Douglas Hurd, the UK foreign secretary, said yesterday that he saw no contradiction between "widening" the EC's membership and "deepening" its integration, but then went on to describe this deepening almost entirely in terms of de-centralisation.

This is not how the Commission sees "deepening" as necessitated by enlargement. Not only are the problems a bloated EC executive, a European parliament with more than 700 deputies, and communication in more than a dozen languages which would result in 156 cross-translation permutations.

The key question will be whether EC members can agree to take more of its decisions by speedier, majority vote, just when enlargement will make their interests even more diverse.

● Volkswagen and its unions yesterday signed a landmark agreement setting up a European works council, moving ahead of stalled European Commission proposals on EC-wide consultation of workers in cross-border companies, **David Gardner reports from Brussels.**

It is the first such agreement in Europe's hard-pressed car industry.

The accord covers the Volkswagen and Audi in Germany, Seat in Spain and VW Belgium, but will eventually extend to VW's operations in Czechoslovakia, including Skoda.

Under it, the VW board undertakes to consult an elected council of 17 members on investment, plant structures and labour transfers, productivity and costs, hours, wages and conditions, new technology, safety and environment conditions.

BUNDESBANK WARNING OVER EMU TERMS

THE Bundesbank said yesterday European monetary union (Emu) should be accompanied by eventual political union and warned against any compromise on the strict conditions for entry, writes Andrew Fisher in Frankfurt.

It said it was happy with the Maastricht agreement but fulfilling the entry criteria was more important than meeting the 1999 deadline.

Mr Helmut Schlesinger, the Bundesbank's president, dismissed reports of serious internal disagreements over the Maastricht agreement and the fact that moves towards political union lagged behind progress on the monetary front.

This special statement, to be included in the central bank's monthly report, was unanimously approved by the Bundesbank directors. Mr Schlesinger said: "We wanted to get rid of such speculation. As is often the case with speculation, it was wrong."

However, the statement said the Maastricht accord did not yet show agreement on the future structure of the political union and how it would operate in parallel with European monetary union (Emu). "The further development in the area of political union will be of central importance for the lasting success of currency union."

Mr Schlesinger and Mr Hans Tietmeyer, deputy president, emphasised that decisions over monetary and political union were for governments and parliaments.

Mr Tietmeyer, responsible for international monetary affairs, said: "In substance, and this is the clear view of all Bundesbank council members, the requirements and recommendations of the Bundesbank for the final phase (of Emu) have been achieved."

The bank said the timetable for the transitional and final phases of Emu would put great demands on the EC. Monetary and credit policies could not alone ensure that member countries would move towards greater price stability. Central banks should be independent and budget discipline had to be assured. Regional financial aid granted by the EC must not weaken governments' own efforts at stability.

Hurd sees 20-member Community by 2000

By **Robert Mauthner**, Diplomatic Editor

BRITAIN is looking forward to an enlarged European Community of up to 20 members by the turn of the century, Mr Douglas Hurd, the British foreign secretary said yesterday.

Mr Hurd, addressing the Cambridge University Conservative Association, said there was a consensus that the Community could not "put up the shutters" on the nations in the other half of Europe.

The first wave of enlargement was likely to come from the ranks of the European Free Trade Association. It would involve countries such as Austria and Sweden, who had already applied for membership and, in the longer run, probably Finland, Norway and Switzerland.

Issues such as agriculture and neutrality would need careful negotiation with these countries, but it should be possible to welcome new members by 1995.

That would be only the first step, however.

The association agreements concluded by the Community with Poland, Hungary and Czechoslovakia last December should be seen as a preparatory phase for full membership.

"There should be no doubt about our determination to welcome them as full members. I hope to see this achieved by the year 2,000 at the latest."

While it was not possible at the moment to predict how many members the Community could accommodate or in what timescale, it would be foolish to start ruling out membership of any European democracies when they were ready, including even the newly independent republics of the former Soviet Union.

Mr Hurd recognised, however, that the enlargement of the Community raised questions about the institutional structure of the Community. It had been designed originally for six member states and had been adapted to work for twelve. But it was much more doubtful whether it would be suitable for as many as 20 or 30 members.

The foreign secretary rejected greater centralised powers for the Community's institutions as a way of dealing with wider membership.

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INTERNATIONAL NEWS

Tokyo cleared in mercury poison case

By **Stefan Wagstyl** in Tokyo

A COURT yesterday cleared the Japanese government of responsibility for a notorious outbreak of mercury poisoning, which became a symbol of the price Japan paid for its rapid industrialisation.

About 1,200 have died since the poisoning was first detected in the 1950s in villages around Minamata Bay in southern Japan. More than 100,000 are believed to have been affected through eating fish poisoned by mercury pumped into the bay by Chisso, a chemicals company.

The victims have pressed various law suits against Chisso, the government and the prefectural authorities alleging negligence. They claim the authorities should have controlled the discharge of effluent from the Chisso plant and the sale of fish.

Yesterday, the Tokyo district court, hearing a claim by a group of 64 victims, confirmed a 1987 lower court ruling that Chisso was responsible for the poisoning. But it overturned a judgment against the government and the prefecture.

The court ordered Chisso to pay compensation of Y4m (£18,000) to 42 plaintiffs. The judge ruled that the remaining 22 had not necessarily suffered from the poisoning, called "Minamata disease".

Mr Shinji Arai, the judge, urged the government and the prefecture to settle out of court with the victims, since they bore "political responsibility".

Lawyers for the victims immediately said they would appeal to the Supreme Court, a process which could take several years. The victims held protest meetings outside Chisso's headquarters in Tokyo and the offices of the government's environmental agency.

With the suit likely to go to appeal and other cases involving 2,000 more plaintiffs still outstanding, the victims have a long fight ahead. They scored their first success 20 years ago when Chisso agreed to start paying compensation (without admitting full legal responsibility.)

A major argument concerns government procedures for identifying those entitled to compensation. By the end of last year 15,886 Minamata victims had either applied or were applying for compensation. Of these only 2,942 were formally approved and 7,405 had been rejected.

The 64 whose case was heard yesterday were among those who had not been approved – the fact that 42 of them were judged by the court to qualify for compensation raises questions about the government's tests.

Minamata victims shocked the world and embarrassed Japan when they attended a world environment conference in Stockholm in 1972. A group plans to go to Rio de Janiero for this year's United Nations Earth Summit to show that their case is not yet closed.

An old woman breaks down at a demonstration yesterday by poison victims in Tokyo

ANC statement on foreign debt

Mr Nelson Mandela, president of the ANC, yesterday issued the following statement on the alleged conflict between the ANC and himself on foreign loans to South Africa.

"Press articles suggest that there is a discrepancy between the African National Congress and its president on the repayment of foreign loans. In actual fact, there is no such discrepancy. The previous statements of secretary-general Cyril Ramaphosa and other ANC spokesmen have been taken out of context by the press.

"The articles create an impression that the ANC secretary general issued a statement on the loans issue in relation to the attempts by the development bank of southern Africa (DBSA) to raise funds in international capital markets. Mr Ramaphosa did not issue such a statement. The statement was issued by the Department of Information and Publicity of the ANC. The articles also combine the debt issue with the nationalisation question even though there is no direct link between the two.

"The ANC accepts, as a general policy that a future democratic state has an obligation to pay foreign debts which were incurred by the present regime in the normal course of administration before financial sanctions were imposed by the international community.

"The terms of repayment of such loans may be re-negotiated to ensure that a democratic government is not unduly burdened by foreign debts incurred by an illegitimate regime.

"What is totally unacceptable to us is the attempt by the South African regime, acting in concert with certain foreign financial institutions, to bust financial sanctions adopted by the international community.

"By so doing these institutions are undermining the negotiation process in South Africa. If they have a genuine interest in South Africa they would put pressure for the immediate installation of an interim government of national unity in South Africa. If these institutions lend money to the apartheid regime now, they will in fact be acting to delay our forward march to freedom, democracy and development.

"We therefore want to reiterate that the ANC is opposed to any bond issues currently being launched in the international capital markets. In terms of our sanctions policy, sanctions will be lifted (with the exception of the oil and arms embargo) when an interim government of national unity has been installed."

Mideast deluge pours balm on troubled lands

Exceptional rain and snow may ease conflict over water distribution, reports **Hugh Carnegy**

AS if to prove that God, or Mother Nature, or whatever higher power you believe in, stands above mere earthly political squabbles, a reservoir on the Israeli-occupied Golan Heights burst its banks this week and 3m cubic metres of flood water "defected" across the UN-patrolled frontier into Syria.

In the Middle East, water, like just about everything else, is a source of acute political tension, heightened recently by several years of drought.

The Golan damburst notwithstanding, however, the weather in 1992 has poured far more balm on the area's water problems than anything achieved in recently-launched regional peace talks.

Almost too much, according to some. This weekend, Rabbi Shmuel Eliyahu of the Galilee town of Safed, who is in no doubt about who is responsible, will offer prayers at his synagogue for an end to the rain and snow that has engulfed Israel, Lebanon, Syria and Jordan this year.

Weathermen say there have been few winters like it this century. Explanations from weathermen for why it has happened this year range from the puzzled shrug to blaming volcanic eruptions last year in the Philippines.

So far, two blizzards have smothered Jerusalem in snow, once to a depth of 30cm, bringing down thousands of trees and power lines. More snow is forecast today.

But it is the near incessant, drenching rain that has fallen between snowstorms that is having the most dramatic effect.

The Jordan river, a lifeblood for Israel, the occupied West Bank, Jordan and southern Syria, has turned from a brackish burn into a swollen torrent, submerging and closing the two bridges that are the only border crossing points between the West Bank and Jordan.

As recently as last November, the Sea of Galilee was within centimetres of falling below the mark of 213 metres below sea level at which Israel ceases pumping for fear of permanently depleting the lake.

Since the beginning of January it has risen by three metres and will soon breach the "maximum" level of 209 metres below sea level when sluices must be opened to prevent flooding. This despite daily pumping of 200,000 cu metres into underground reservoirs.

In the short term, there has been huge damage materially, especially to agriculture. Jordanian officials estimate 50 to 90 per cent of the delicate crops of the northern Jordan valley, such as tomatoes, aubergines and peppers, have been damaged by frost and floods.

In Israel, farmers are calling on the government to declare an official disaster season to trigger compensation. Citrus and soft fruits, important export crops, have been hit at the height of the harvest.

For the longer term, the dramatic boost to badly depleted surface and underground reservoirs will ease what was threatening to become a crisis. It may provide a breathing space for negotiators in the peace talks to untangle disputes over water sharing – particularly over Israel's inequitable distribution of water in the West Bank and Gaza Strip.

Manila 'meets IMF terms'

By **Jose Galang** in Manila

THE Philippine government is to ask the International Monetary Fund to release $250m under a suspended financing programme after congress approved measures to cover the projected budget deficit.

In its final session under the government of President Corazon Aquino, congress passed five of the six remaining tax enhancement measures sought by the administration.

Approval of the measures provided the government with new sources of finance which will almost cover the projected budget deficit for 1992 of Pesos 27.4bn.

Failure of the senate to pass a bill proposing refinements in the value-added tax system left a gap of Pesos 1bn. The bill was designed to expand the scope of VAT coverage, but finance officials said it was felt the measure would effectively create new taxes, a politically unpalatable move in an election year.

Mr Jesus Estanislao, the finance secretary, said, however, that the remaining gap could be covered with proceeds from the sale last week of state-owned Philippine Airlines.

Mr Estanislao also said a proposal to override Mrs Aquino's veto on a budget provision to limit foreign-debt payments to 10 per cent of export earnings was "dead". He claimed the last-minute support for the tax measures "came from all party lines".

Mr Estanislao expressed confidence that the IMF would formally approve the release of the credit "by Monday".

Mr Jose Cuisia, the governor of the central bank of the Philippines, was waiting for the IMF response before leaving for New York. The Philippines is seeking to restructure $5.3bn of commercial debt.

The release of the IMF's credit should reactivate talks between Philippine debt negotiators and a New York-based advisory committee of the country's bank creditors.

It should also pave the way for a meeting of a consultative group of the country's traditional donor-countries next March in Hong Kong. That meeting is not intended to be a pledging session, but Mr Estanislao said: "We will not stop anybody making pledges."

Friday prayers bring wave of violence across Algeria

By **Francis Ghiles**

CLASHES between the security forces and supporters of the Islamic Salvation Front (FIS) erupted yesterday in major towns across Algeria after Friday prayers.

At least one person was killed and dozens injured. They were the most widespread and violent since the suspension of elections nearly one month ago, after FIS candidates won 47 per of the popular vote.

The eastern capital of Constantine, the western seaport of Oran, Setif, Tebessa, Sidi Bel Abbes and Tlemcen all witnessed violence while in Batna, where at least eight people were killed in clashes this week, Algerian radio reported a demonstrator killed.

Police and soldiers encircled mosques in FIS strongholds at dawn in Algiers but this did not deter FIS militants from protesting for the fifth Friday in succession.

Witnesses said dozens of gendarmes swept down streets in Algiers firing shots into the air before the demonstrators fled.

Black smoke was seen rising from FIS strongholds in Algiers, as fundamentalists lit bonfires of used car tyres and built makeshift barricades.

Police and soldiers held hundreds inside a mosque for two hours, demanding without success that they turn over a fundamentalist who read a FIS communiqué before prayers.

UK NEWS

Halifax begins mortgage rescue

By **David Barchard and John Willman**

HALIFAX BUILDING Society, the largest UK mortgage lender, yesterday announced four initiatives to help customers unable to keep up monthly mortgage payments and to ease the problems of the housing market.

The move follows a meeting between mortgage lenders and the government late last year at which the lenders pledged more than £800m for schemes to save some of the 160,000 borrowers in serious arrears.

But the scale of the schemes announced is small considering that the lenders have pledged to save 20,000 homes from repossession this year.

Halifax is to supply an initial £18m to three housing associations which will then purchase properties which are either under a repossession order or likely to be subject to one soon. The occupants of the house will become tenants of the housing association.

The scheme, described by Halifax as a model for others, will save no more than 350 homeowners.

Halifax is supplying £8m to Bedfordshire Pilgrims Housing Association; £5m to Hyde Housing Association, a national association; and £5m to North British Housing Association, based in Preston, Lancs.

The society yesterday instructed the three housing associations not to divulge any details of the return on the loans through rents. However, it is understood to be less than five per cent, with Halifax taking part of any profit when the property is sold.

Two weeks ago, Nationwide Building Society launched an £8m rescue scheme with three other housing associations. The return in that case was believed to be slightly over 3.5 per cent.

Halifax has also arranged for London and Quadrant Housing Trust and Hyde Housing Association to lease and manage 400 empty homes in and around London.

Two more lenders, Bradford & Bingley and Leeds Permanent, are expected to unveil rescue schemes in the first half of next week.

Major invites new Dublin leader for talks

By **Ralph Atkins**

MR JOHN MAJOR, the prime minister, has stepped up his initiative on Northern Ireland by inviting Mr Albert Reynolds, premier-elect of the Irish Republic, to visit the UK for talks later this year.

Downing Street yesterday said Mr Major would meet Ulster's political leaders on Tuesday to discuss security after one of the most violent months in the province's history. This year 26 people have been killed by terrorists.

Officials said that Mr Major wanted locally elected Unionist and nationalist politicians to take more of a role in expressing the hostility of most people to terrorism.

Mr Major agreed with Mr Charles Haughey, the outgoing Irish prime minister, that they would hold six monthly meeting when they met in Dublin in December.

No date has been fixed for the meeting with Mr Reynolds. Meanwhile, the Northern Ireland Office is playing down any expectations that next week's meeting will make significant progress.

Although Mr Peter Brooke, Northern Ireland secretary, believes any dialogue is helpful, he is aware of the danger of the Unionists believing they have begun to set the agenda.

Some Unionists' hopes have been raised by signs from Mr Major and Mr Brooke that the Tories might consider a pact in a hung parliament.

The proximity of the general election has already stalled Mr Brooke's efforts to start formal "round-table" negotiations on the province's future.

However, Unionist demands for the internment of terrorist suspects are expected to be rejected at next week's meeting. The Northern Ireland Office would prefer not to discuss the measure, if only because internment would need an element of surprise in order to be successful.

Although Mr Major spoke earlier this week of how local politicians could help restore peace if they talked together more, the Downing Street meeting is described as more of a listening opportunity for the prime minister.

Local politicians have not had responsibility for security in the province for 20 years and Mr Brooke has always acknowledged that his political initiative would not necessarily end terrorist violence.

Regrouping by loyalists may heighten violence

Tim Coone examines the shadowy connections of the paramilitaries

SHOPPERS stood in respectful silence on Belfast's republican Falls Road yesterday by the funeral procession of one of the 10 victims of this week's paramilitary attacks.

While families and friends mourn the deaths, nine of them claimed by the outlawed Ulster Freedom Fighters (UFF), political leaders in Northern Ireland have renewed calls for internment of terrorists and a ban on the loyalist Ulster Defence Association (UDA).

Mr John Major, the prime minister, will be pressed on these issues when he meets party leaders from Ulster on Tuesday.

Mr Seamus Mallon, justice spokesman for the nationalist Social Democratic and Labour Party said: "We want to see the UDA proscribed. They are a flag of convenience for one of the most ruthless murder gangs in Northern Ireland".

The UFF claimed responsibility for Wednesday's gun attack on a Belfast betting shop which left five people dead and seven wounded, as well as an attack on Tuesday against a Sinn Fein office on the Falls Road which left three dead. The latter was carried out by a Royal Ulster Constabulary officer who later shot himself.

The UDA denies it has any direct links with the UFF, but a source close to the organisation claims that "the inner council of the UDA is the UFF leadership – they have between 1,000 and 2,000 supporters and maybe 200 to 300 active paramilitaries".

The history of the loyalist paramilitaries goes back to 1913, eight years before the partition of Ireland. Protestants fearful that the British government might bow to republican demands formed the Ulster Volunteer Force (UVF) to wage a military campaign.

Today there are five main loyalist organisations which have direct or indirect paramilitary links. They are the UVF, UDA, UFF, Red Hand Commandoes and Ulster Resistance. All except the UVF have grown out of the "troubles" of the 1970s. The UVF, UFF and Red Hand are proscribed. The UDA and Ulster Resistance are not, but the police say: "It is a fact that members of these organisations have committed terrorist offences; the facts speak for themselves."

The Provisional IRA remains the principal security concern of the police and Army in Northern Ireland. But the UFF now poses a growing threat starkly demonstrated by its recent attacks.

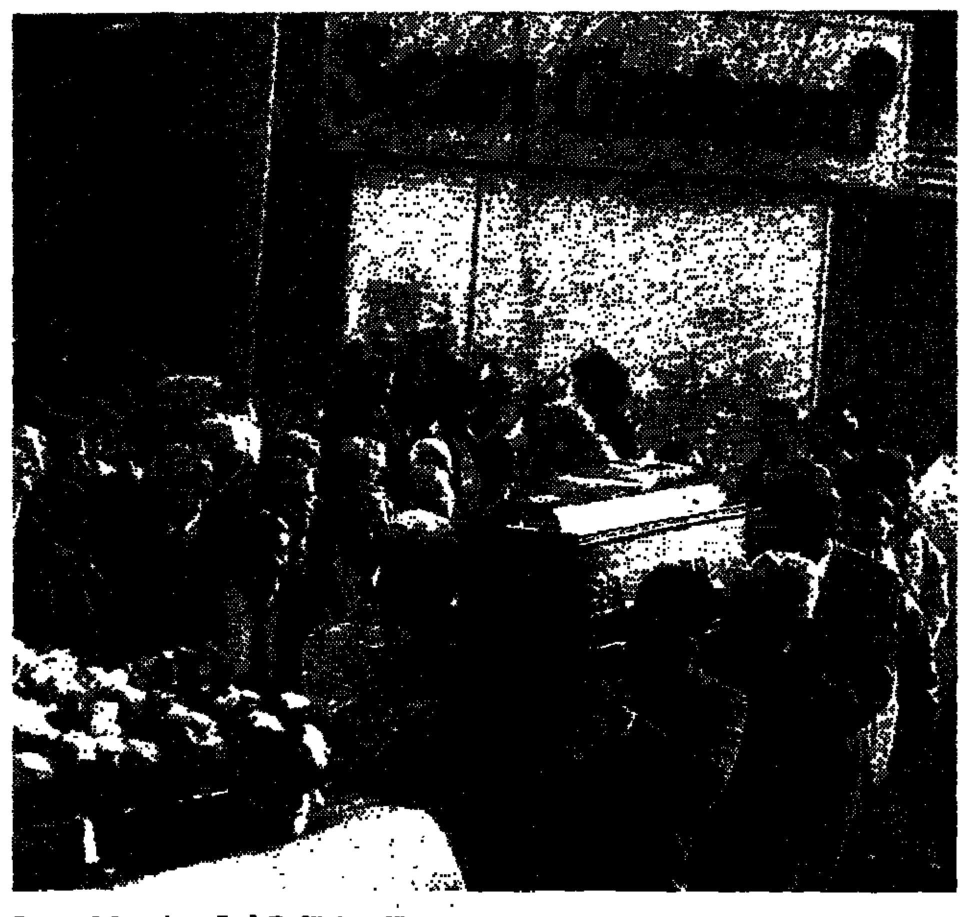
The police said the UFF "have certainly acquired a substantial quantity of arms from the international market, about two thirds of which have been seized". Unlike the IRA, the UFF appears not to have many explosives, but it has used automatic weapons and anti-armour weapons.

The security forces have had greater success in seizing arms from the other loyalist groups. But it is now thought that the UFF began sharing weapons and intelligence with the other groups last year, and that all are in effect merging into one organisation.

The UDA claimed to have as many as 40,000 members when it was formed at the height of the sectarian conflict in the early 1970s. Infiltration by the security forces contributed to the evolution of the UFF with a hard core of activists organised in a tight cell structure. The UDA was presented as its political front.

Suspicion among nationalists about collusion between loyalist paramilitary groups and the security forces has never abated. An inquiry in 1989 reported that collusion was "neither widespread nor institutionalised."

Leaders of the nationalist community continue to ask whether there is an "inner circle" of rogue security force officers collaborating with loyalist groups. The police said yesterday: "That is arrant nonsense". Yet Tuesday's attack on the Sinn Fein office, claimed by the UFF but carried out by a policeman who later killed himself, has left doubts in Belfast about whether he acted on his own.



Scene of the crime: Jack Duffin's coffin yesterday passed the bookmaker where he died

Business failures at peak last year

By **Andrew Jack**

COMPANY insolvencies in England and Wales reached a record last year with a 45 per cent increase on the 1990 total, according to Department of Trade and Industry figures released yesterday.

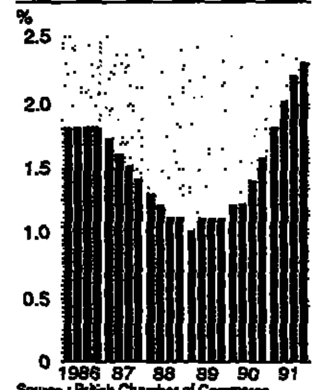
However, the seasonally adjusted figures for the final quarter of 1991 fell by 5 per cent to 5,554 compared with the previous three months, indicating that the peak of business failures may have passed.

The figures, published in the magazine of the Association of British Chambers of Commerce, showed that 21,827 companies became insolvent during 1991. That represents 2.3 per cent of the number of active companies registered at Companies House during 1991, compared with 1.6 per cent in the previous year.

The number of compulsory liquidations for companies in Scotland increased by 21 per cent to 304 last year and the number of creditors' voluntary liquidations by 41 per cent to 309. Both showed a slight decline between the third and fourth quarters.

Mr Eric Forth, minister for small businesses, said: "While the continuing rise in insolvencies is of course a cause for concern, it is heartening to see that there are further signs of an easing in the upward trend, particularly in company liquidations."

Ratio of company insolvencies to the number of active companies



Source : British Chamber of Commerce

However, Mr Ron Taylor, director-general of the association, cautioned that signs of economic recovery have in the past lead to an increase in the number of insolvencies. The government should do everything it could "to leave cash in business' pockets", he declared.

Mr Steven Hill, a partner with Cork Gully, the insolvency arm of Coopers & Lybrand Deloitte, said the high failure rate reflected the high growth in company formation during the 1980s, as well as the impact of excessive borrowing and the recession.

Drugs industry declares record trade surplus

By **Paul Abrahams**

THE pharmaceutical industry had a record trade surplus last year of £1.17bn, according to the Association of the British Pharmaceutical Industry.

The figure represented an increase of 6.7 per cent on the previous year. Exports grew by 12.8 per cent to £2.54bn while imports increased by 18.5 per cent to £1.37bn.

The figures will support the industry's arguments for maintaining the present pricing structure, which encourages investment.

The Pharmaceutical Price Regulation Scheme, which ends in November, fixes a cap on the return on equity employed by companies. By investing in research and development or manufacturing in the UK, pharmaceuticals groups are allowed, under the scheme, to charge higher prices.

Mrs Virginia Bottomley, health minister, said last month that she intended to create an open and competitive market providing safe and effective medicines at an acceptable cost to the taxpayer. She added that she recognised the important position of the pharmaceutical industry in continuing research.

Kinnock pours scorn on 'complacent' PM

By Ivo Dawnay and Alison Smith

MR NEIL KINNOCK yesterday signalled a fresh readiness to hold Mr John Major personally responsible for the government's failures, claiming that his monument would be "the longest recession since the 1930s".

In a speech that echoed Labour's 1964 slogan of "13 years of Tory misrule", the Labour leader claimed that the government had "no new policies, no fresh ideas and no positive solutions".

His keynote address to Labour's annual local government conference in Blackpool was also squarely aimed at tarnishing Tory efforts to project a "softer" image in the run-up to the election.

In a series of scornful attacks, he repeatedly portrayed Mr Major as deluded, complacent and out of touch.

Taking up a recent reference by the prime minister to people sleeping rough, he said Mr Major's withdrawal of benefits from people aged 16 to 18 when he was social security minister meant he himself was "the architect of cardboard city".

The Tories sought to preempt the occasion by challenging Labour to use the conference to spell out its own local government plans.

Mr Michael Heseltine, environment secretary, used his first setpiece press conference of the pre-election campaign to launch a broad attack which included assaults on the cost of Labour's plans and the behaviour of Labour councils.

Mr Kinnock countered the attacks on Labour councils' records by claiming that authorities under his party's control had persistently topped the leagues for the provision of a wide range of public services.

He turned to the government's economic record, arguing that the government had squandered £100bn in North Sea oil revenues and £34bn in privatisation proceeds.

"They have run through more taxes than any British government has ever taken from the British people in history," he said. "At the end of it all, they have higher unemployment, wider poverty, run-down services, closed industries, greater insecurity and homelessness."

As a result, the UK was enduring skill shortages alongside mass unemployment, a trade deficit in a slump and a collapse in investment in an oil-rich economy.

Speaking confidently to some 800 delegates, Mr Kinnock concentrated his speech on the Tory record. He argued that "investment must come before tax cuts", and said the Tories had promised a thriving enterprise economy but had delivered only a weakened economy deep in recession. "They promised a classless society, a society at ease with itself, but they have made a society that is scarred by poverty, by disadvantage and by insecurity. They have had their chance."

Curbs on direct power sales by generators are eased

By David Lascelles, Resources Editor

THE UK's largest generating companies are to be allowed to sell more electricity directly to big industrial consumers rather than through regional distributors.

The move, announced yesterday by Professor Stephen Littlechild, director-general of electricity supply, is intended to sharpen competition among suppliers and help ease recessionary pressures on industry. It is part of Prof Littlechild's longer-term plans to reduce regulatory barriers in the power market.

The move comes only days after some of the UK's largest companies threatened to withhold payment of the Fossil Fuel Levy in protest at recent electricity price rises. The levy, which is added to bills, goes to subsidise the nuclear industry in England and Wales.

Prof Littlechild said yesterday: "There is no doubt that the present recession, combined with the recent and prospective increases in electricity prices, have hit many large customers very hard indeed. The need to purchase electricity on the most competitive terms possible is more important than ever."

At present there are limits on how much electricity the generators can sell direct. In most of the 12 regions in England and Wales this is 7 per cent of the electricity sold, though in some industrial areas it is up to 12.5 per cent.

Prof Littlechild said yesterday that he was raising the limit to 9 per cent in most areas, and up to 17.5 per cent in the industrial areas, from April 1. The limits will be removed from April next year.

Initially the new limits apply only to National Power, which represents 40 per cent of the generating market, but they are expected to be extended soon to PowerGen, which accounts for a further 30 per cent. The rule allowing generators to sell electricity only to companies whose maximum demand is more than 1MW will remain.

Mr Peter Rost, chairman of the Major Energy Users Council and Conservative MP for Erewash, welcomed the move but said many of his members were still worried that this year's electricity supply contracts would contain large price increases. Some of them might go ahead with the boycott of the Fossil Fuel Levy.

National Power also welcomed the change. It said an outbreak of aggressive selling was unlikely because negotiations on many of this year's contracts were already nearly complete. But the company was up against its limits in many of the regions, and the change would "ease the position", it said.

Motor jobs fall by the wayside

John Griffiths reports on the car industry's sharpest postwar decline

BY the spring of this year, some 70,000 motor industry-related jobs will have been lost in the UK over 24 months, according to an estimate by the Society of Motor Manufacturers and Traders.

The estimate is necessarily a fairly broad one, embracing losses not just at the main vehicle manufacturers, importers and large component groups, but also the myriad small parts suppliers and the retail motor trade.

The Retail Motor Industry Federation, representing 12,000 motor traders, says about 25,000 of those casualties will have occurred among car and truck dealers in just 12 months, as a long-awaited sales recovery has not materialised.

Instead, the industry has plunged into its sharpest postwar decline, with car sales down 30 per cent to 1.59m last year, compared with the record 2.3m of 1989, and commercial vehicle sales fell to nearly half 1989 levels.

Both trade groups have used the figures recently in Budget submissions to the chancellor, trying to secure the abolition of special car tax and other help to kick-start the industry into recovery.

The statistics make bleak reading for an industry which can claim to be not only the country's largest manufacturing and exports sector, but also its biggest single retail activity. The industry still employs directly about 700,000 people.

But the figures are not quite as dismal as they seem. Like the further round of Ford and Vauxhall job losses announced yesterday, they incorporate the natural wastage and voluntary redundancies involved as the UK industry fights to get itself into the leaner, more productive shape it needs to survive the 1990s.

Both Ford and Vauxhall emphasised that their cuts were not directly recession-related, and Rover Group, the British Aerospace subsidiary, made much the same point about many of its job cuts announced last year.

Altogether, 2,000 jobs were lost from Rover's 40,000-strong workforce, virtually all through voluntary redundancy and natural wastage. The impact of recession was felt mainly through short-time working, affecting some 1,200 workers for several weeks.

Some manufacturers, however, were hit not just by the UK recession but by reduced sales in big export markets as competition, particularly from Japan, stiffened.

Jaguar saw 1,500 jobs go, not all voluntarily. Another Ford luxury car unit, Aston Martin, lost 85 out of 535 jobs.

Rolls-Royce, its worldwide sales nearly halved last year, has lost 750 jobs at its Crewe headquarters and closed its Mulliner Park Ward plant in north London, with the loss of a further 500.

Truck makers have been hit proportionately harder. Leyland Daf, the UK-Dutch venture, is expected to cut another 1,200 UK jobs in the next two years, having lost 600-700 in each of the past three years. Iveco Ford, second in the UK truck market, has cut its workforce by 500 in the past year to 1,400 – although its cuts, too, have been achieved through natural wastage or voluntarily.

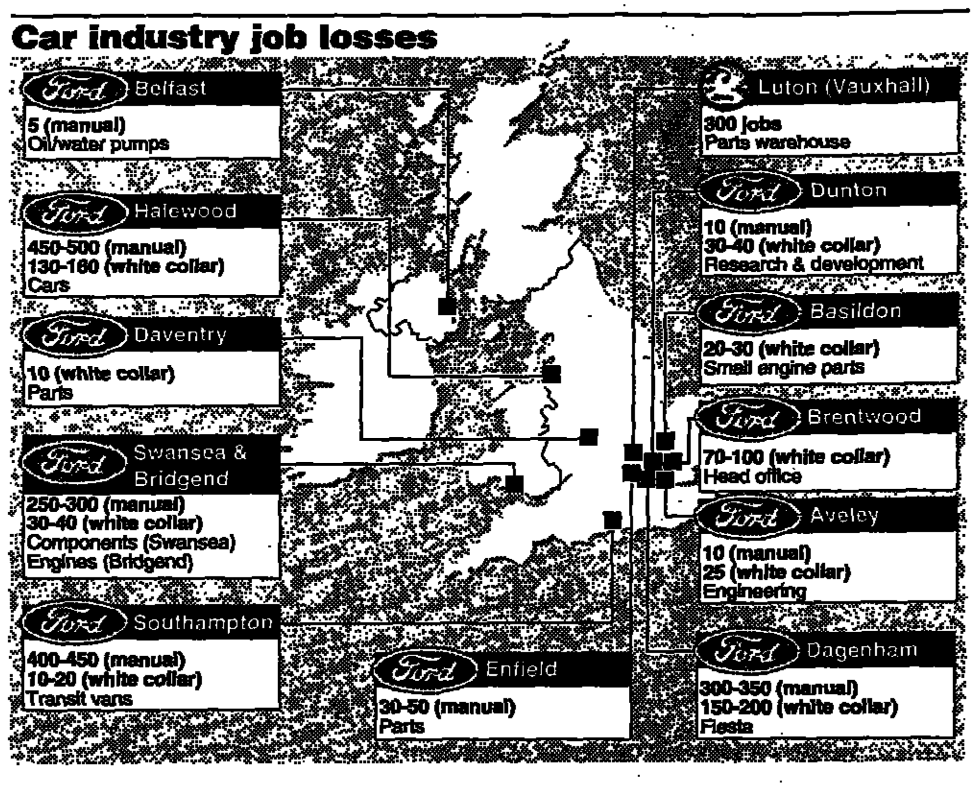
Smaller cuts among manufacturers such as Cheshire-based ERF have contributed to the SMMT and RMI's overall job loss total.

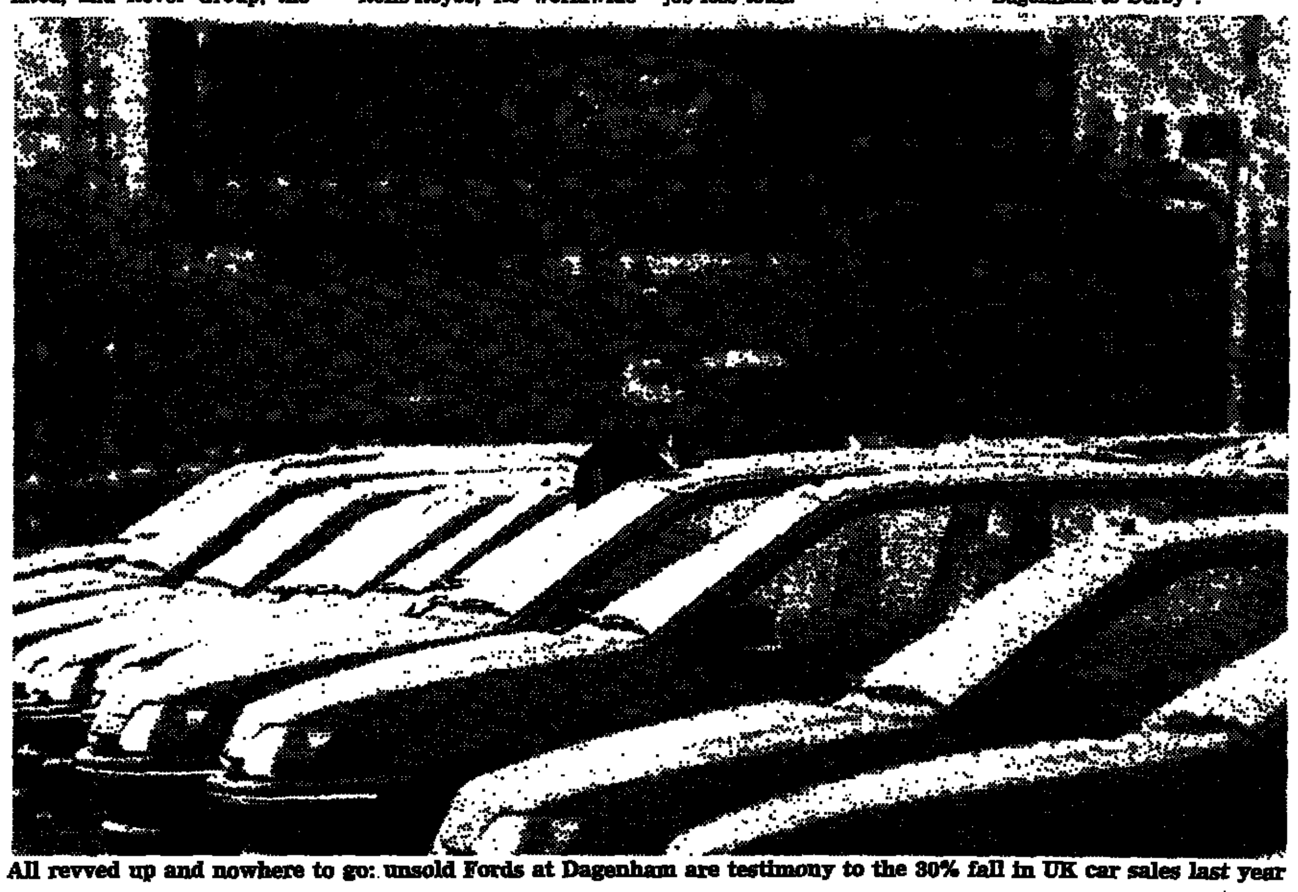
Things would have been worse last year had not buoyant Continental markets kept vehicle production to within a few per cent of the 1990 level.

The creation of extra jobs by Japanese manufacturers offsets some job losses. A month ago, Nissan surprised the industry with a plan to lift capacity at its Sunderland plant to 300,000, from 220,000 next year, involving the creating of an extra 1,000 jobs.

Toyota's car plant at Derby will add 3,000 jobs from the end of this year, and Honda's plant at Swindon another 1,400.

That presumes – as Sir Hal Miller, SMMT chief executive, asserted last week – that the new Japanese transplants "don't simply move jobs from Dagenham to Derby".





All revved up and nowhere to go: unsold Fords at Dagenham are testimony to the 30% fall in UK car sales last year

Major pledges more scrutiny of councils

By Ralph Atkins

MR JOHN MAJOR, the prime minister, will today reinforce the government's commitment to legislation which will subject councils to more independent scrutiny. He will also underline the extension of private ownership, individual freedom and choice in a speech to the Young Conservatives' conference in Eastbourne.

The prime minister will use his speech to set out more details of his party's manifesto and to try to frustrate Labour's hopes of exploiting voters' dissatisfaction with council services.

Councils are setting poll tax levels and households may start to receive bills early in April – close to one of the dates thought likely for the general election. Tory efforts so far have focused on blaming Labour councils for setting high bills.

Mr Major's speech will set out plans for publishing league tables of councils' performance. There would also be more contracting out of council services if the Tories won the election.

Details of how more independent scrutiny could be introduced have yet to be worked out, but could involve an enhanced role for the Audit Commission, the local-government watchdog.

Mr Major's speech will build on the principles behind the Citizen's Charter which he unveiled last year. He will say that the re-election of a Tory government will mean "no more municipal cover-ups and no hiding place for incompetent and uncaring councils".

Besides seeking to increase Tory appeal to young voters, Mr Major will outline four principles of his Conservative philosophy: ownership, responsibility, choice and individual freedom. Part of his speech will be aimed at encouraging the growth of a "property-owning democracy", in spite of the flat housing market.

He will also launch a fresh attack on Labour's economic policies, saying that the Opposition party has no proposals for strengthening the economic recovery when it comes, but many which would lead to a perpetual recession. Tories want to use the conference to counter claims that it has run out of ideas.

Mr Major is particularly keen to emphasise that the Citizen's Charter involves a long programme of legislation for another four or five-year government.

However, Labour and the Liberal Democrats continue to focus largely on the economy – particularly the job cuts announced yesterday by Ford, the carmaker.

Mr Paddy Ashdown, Liberal Democrat leader, last night said Britain had suffered "the worst problems of boom and bust, exaggerated by mismanagement".

Labour steps up attack on SNP

By James Buxton, Scottish Correspondent

THE LABOUR party yesterday stepped up its attempt to head off a possible surge in support for the Scottish National Party. Mr John Smith, shadow chancellor, subjected the SNP's spending plans to the kind of critical analysis the Conservatives have applied to those of his own party.

Mr Smith, accusing the nationalists of trying to "con the Scottish people" with a lie, said the SNP was overestimating the revenue an independent Scotland was likely to obtain from North Sea oil, while planning extra spending that would cause a large budget deficit.

The shadow chancellor said in Edinburgh it was widely accepted that identified government expenditure in Scotland exceeded tax raised by £3.7bn. As to unidentifiable government spending on Scotland, it was unlikely that the cost of an independent Scotland's defence and diplomatic service would be less than its share of the UK's current expenditure under those headings.

The SNP, he said, expected to fill the £3.7bn gap with revenues from North Sea oil. But the UK government's total oil revenues this year would be only £1.4bn, and an independent Scotland would not be able to claim all of that.

Mr Smith said that the SNP had committed itself to additional spending of £4.67bn, according to specific commitments in the "Queen's speech to a Scottish parliament" presented by Mr Alex Salmond, SNP leader, last October.

This included £3.7bn to write off all local authority housing debt; £200m to create a free-standing Scottish steel industry; £466m to raise pensions, £181m extra on health and £124m for nursery schools. This did not include the cost of the SNP's promises to renationalise British Steel's Scottish plants or to create 78,000 jobs in the first year of independence, Mr Smith said.

Mr Salmond said last night that Mr Smith "does not understand the public-sector borrowing requirement". The £3.7bn write-offs on local authority debt would be spread over four years, and were a transfer of debt within the public sector which would have no impact on the PSBR.

Blair condemns 'cuts' in funding of Tecs

By Ralph Atkins

LABOUR yesterday said that Training and Enterprise Councils are breaking government guarantees on Youth Training by building up waiting lists and cutting spending per trainee.

Mr Tony Blair, shadow employment spokesman, said a Labour survey of 54 out of 82 Tecs showed "substantial cuts" in funding for training programmes. With unemployment rising, Tecs are being expected to provide more training places for less money, he said.

"The government is systematically betraying our young people and the unemployed, forcing severe behind-the-scenes reductions in government support whilst publicly denying that cuts are taking place," Mr Blair said.

He said that some Tecs were withholding information that used to be freely available to MPs through parliamentary written answers – even though they were dealing with "very large sums of public money".

Labour's survey shows 27 Tecs had waiting lists for places on the Youth Training scheme. The average waiting list was 380. Of the 20 Tecs that gave directly comparable information, 16 faced cuts in the next year in funds for Youth Training and 12 for Employment Training.

The Department of Employment said that waiting lists which built up in the autumn, when many school leavers were looking for places, had been substantially reduced.

Charter offshoot to cut 157 Scots jobs

ANDERSON, the mining equipment subsidiary of Charter, the industrial holding company, is to make 157 people redundant and close its plant at Bridgeton in Glasgow. It will concentrate production at Motherwell, Lanarkshire, James Buxton writes.

The Bridgeton plant, which employs 239 people, makes coalmine tunnelling equipment. Some 97 people will lose their jobs there and the remaining 142 will be transferred to Motherwell, where 60 employees will also be made redundant.

Mr Alasdair MacLaughlan, chief executive, blamed the further restructuring on the halving of the number of coalfaces operated by British Coal.

Civil engineers' margins down

NINE out of 10 civil engineers say profit margins on construction contracts have continued to fall during the past 12 months, according to a survey published yesterday.

Companies say some contracts are being won at break-even or a loss in order to maintain cashflow.

The Federation of Civil Engineering Contractors' survey said it was the sixth successive time that more than 80 per cent of contractors had reported lower margins.

Pay review body details next week

THE government is expected early next week to announce details of the pay review bodies' recommendations for doctors, nurses, professions allied to medicine, teachers and the armed forces.

Pay analysts believe it unlikely that in an election year the government will stage the recommended rises, as they have often done in recent years. This year most groups are expected to receive 6 per cent.

Blue Arrow trial summing up

THE defendants in the Blue Arrow trial kept nothing back from the group's directors about their handling of the 1987 rights issue and this was a "real point in their favour", the jury was told yesterday.

"There can be no allegations that anything material was kept from Blue Arrow," Mr Justice McKinnon told the jury. "You are entitled to use that as a real point in the defendants' favour."

The judge will continue his summing up on Monday.

Bank issues new gilt-edged stock

THE Bank of England is creating a 20-year government bond in its first issue of a new gilt-edged security for nearly four years.

The Bank's announcement yesterday that it is issuing £1.25bn of the 9 per cent Treasury stock due 2012 was well-received in the gilt market. The issue will be available from Monday and is expected to appeal to domestic and foreign institutional investors such as pension and life funds.

The £1.25bn gilt is too small at present to provide a useful 20-year benchmark, but the Bank is likely to issue further amounts of the stock to create a more liquid issue.

With the government's return to borrowing in the gilt-edged market last year, the Bank will have issued a total of £15bn in gilt-edged stock during the 1991-92 financial year, including the latest issue.

The Bank took advantage of the strong performance of the bond market this week to sell £550m of medium and long-dated gilts.

Economists at UBS Phillips and Drew expect the Bank to issue up to £33bn in the 1992-93 tax year.

Ex-store chief dies

SIR Edward Rayne, former president of Debenhams, the store group, died in a fire at his home in Bexhill, East Sussex, yesterday. He was 69.

Cheques Bill passed by MPs

By Ivor Owen

A BILL designed to combat cheque fraud completed its passage through the Commons yesterday.

The Cheques Bill seeks to impose a legal requirement on banks to ensure that cheques crossed "account payee", either with or without the word "only", are not transferred to any other account.

The private member's bill was introduced by Mr Conal Gregory, Conservative MP for York, and had all-party support. It gives effect to representations made by the Banking Ombudsman and the Consumers' Association.

The bill, which now goes to the House of Lords, would also impose a liability on banks if they accept cheques bearing fraudulent endorsements.

New rules on package holidays proposed

By Michael Skapinker, Leisure Industries Correspondent

THE GOVERNMENT yesterday announced draft regulations for package holidays, but postponed a decision on how to protect consumers when travel companies collapse.

The regulations, which were announced by Mr Edward Leigh, consumer affairs minister, were immediately attacked by the Association of British Travel Agents (Abta) for failing to protect consumers adequately against unjustified surcharges and negligence by tour operators.

The draft rules set out information to be included in travel brochures and the circumstances in which surcharges can be imposed. They follow a 1990 European Community directive which requires regulations to protect package tourists to be brought in by the end of the year.

Ministers want to consult further on how best to deal with the most contentious provision of the directive. This says that tour organisers and travel agents should provide security to ensure that tourists can be repatriated and receive refunds if their holiday company collapses.

The government has said it will require all companies offering package holidays to be licensed, but it has not decided who should be responsible for issuing licences or how many licensing authorities there should be. It said it hoped to produce proposals on licensing within the next few weeks.

One option would be to allow the Civil Aviation Authority, which licenses charter-flight tour operators, to regulate all package tour companies. Some travel companies believe the government might also be considering allowing the industry to establish its own regulatory bodies.

Earlier proposals presented in July were criticised for suggesting restrictions on surcharges that were less onerous than those in Abta's code of practice. The government had suggested that tour operators should not be able to impose surcharges within 20 days of departure, compared with 30 days under the Abta code.

Mr Leigh said the new regulations on surcharges were in line with those in the Abta code.

Mr John Dunscombe, Abta's president, said that the surcharges would be inadequate without an effective monitoring scheme.

He added that the regulations also provided consumers with inadequate protection against acts of negligence by tour operators.

Mr Dunscombe said: "I am particularly disappointed that our argument for liability insurance has not been accepted by the government, and we shall continue to push for its acceptance."

THE BEHAVIOUR of some companies selling timeshare properties borders on the "fraudulent", Mr Andrew Hunter, Conservative MP for Basingstoke, told the Commons yesterday, Ivor Owen writes.

He secured an unopposed second reading for a private member's bill requiring a 14-day "cooling-off" for timeshare contracts. Mr Edward Leigh, consumer affairs minister, promised full government support.

Mr Hunter said the offer of prizes persuaded some people to attend "presentations" during which "every trick in the book" was used to induce them to sign a contract.

Mr Leigh said the Department of Trade and Industry received more complaints about the timeshare sector than about any other in industry.

Engineers win BA single-union deal

By Diane Summers, Labour Staff

THE AEU engineering union has won a single-union deal for the Boeing 747 maintenance base which British Airways is building at Cardiff Airport.

The £70m plant will employ up to 1,200 people by 1994 and is due to open in April next year. There is a worldwide shortage of 747 hangars and the company is hoping to attract work from other airlines.

The single-union deal is the first to have been agreed by British Airways and will not affect current multi-union agreements at other maintenance bases at Gatwick and London's Heathrow airports.

Four other unions competed for the Cardiff deal. They were the TGWU, MSF and GMB general unions, and the EETPU electricians' union.

Mr Bill Jordan, AEU president, said the proposed amalgamation with the EETPU had counted in the AEU's favour with British Airways because the combined union would represent the full range of skills needed on the project.

The AEU is by far the largest of the maintenance unions within British Airways.

Mr Jordan said the agreement was a "prototype for the sort of deals that are going to transform British industry". Highly skilled teams of maintenance workers would work with little supervision according to US-style practices, he said.

The AEU has won several other single-union deals, the most recent is with Toyota, the carmaker for its proposed plant in Derbyshire.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January 1990. BBC Television go to Japan and see for themselves the very latest developments in Digital Broadcast Technology.
April 1990. A special Project Team is briefed to evaluate every aspect of Panasonic's new D-3 ½" Digital Broadcast video format.
August 1990. All tests completed satisfactorily, the Project Team recommends the adoption of the Panasonic format for BBC Television.
September 1990. The decision is ratified and announced at the IBC Exhibition in Brighton.
December 1990. BBC Television place their first order with Panasonic.
November 1991. After 9 months of using the new D-3 ½" Digital VTRs, with progressive integration and commitment, Panasonic's promise is proved in practice. In fact Peter Marchant, Chief Engineer BBC Television, is able to go on record with this comment:
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Home-grown recessions

THIS week's House of Commons exchanges between Britain's incumbent prime minister and the pretender to his throne were unedifying. On both Tuesday and Thursday, Mr Major and Mr Kinnock engaged in a row over whether the government or the outside world should be blamed for the length and depth of the current UK recession. The truth lies in between.

Mr Major's injured innocence is understandable. Over the past two years he has done almost everything that both the British economic establishment has told him to do, and that Labour said it would do. He has joined the European exchange rate mechanism, cut interest rates regularly, and effectively ditched his balanced budget rule. But the economy remains stuck in its sixth quarter of recession, with no chance of a worthwhile pre-election recovery.

It is true that growth has also slowed in Japan and Europe, and turned to recession in the US and Canada. Yet Mr Kinnock's argument carries weight. The UK recession started first, and has proved deeper than in all these countries. Moreover, its immediate cause is the tight monetary policy in the two years prior to ERM membership. What does unite these non-European countries is that they deregulated their financial markets in the 1980s; subsequently experienced a build-up of asset price inflation and personal and corporate debt; and have been forced to use tight monetary policy to puncture their asset market bubbles in a painful fashion, without inflating away the outstanding debt. These were government choices.

In addition, Britain has joined the ERM. The US, Japan and Canada have all moved to a loose monetary policy over the past year. But UK interest rates have been kept high by Germany's tight monetary policy. So UK real short-term interest rates remain above 7 per cent compared with less than 1 per cent in the US.

Unwillingness

Little wonder that the UK recession has been so deep. Recovery will not materialise until consumers start borrowing and so reduce the savings ratio from its current high level. Their unwillingness to do so has left egg on the face of most of the UK economics profession. Economists at S G Warburg, for example, were forecasting as recently as November that the savings ratio would *fall* to 8.6 per cent this year. They now expect it to *rise* to 10.7 per cent, and have cut their 1992 growth forecast by more than half.

Goldman Sachs remains more optimistic, expecting savings to fall and spending to pick up this year. Consumers, it argues, are saving more than "is justified" by past behaviour or the level of household debt.

If only someone would tell them. The truth is that not until they feel secure about the future will consumers start spending again. When this will be is anyone's guess, as is shown by yesterday's news that US non-farm employment fell last month, against an expected rise. Low real interest rates cannot, by themselves, persuade consumers that the immediate future will be better than the immediate past.

Sustained recoveries

Only when spending on durable consumer goods picks up decisively will sustained recoveries be assured. In the UK, the recent evidence is not encouraging. Housing sales in the last quarter of 1991 were down on the previous quarter and 1992 has not started any better. House prices fell again in January compared with the year before, while sales of new cars hit their lowest January level since 1982.

Commercial investment is no more likely to drive the recovery than consumer investment. The latest Confederation of British Industry survey confirmed that investment will fall throughout this year. The news that Ford is laying off 2,100 of its UK employees, thereby clawing back the negotiated increase in its salary bill, will have done nothing to boost consumer confidence. Nor are export markets likely to be a source of economic growth this year. The US recovery is still on hold, while German interest rates now look set to remain high until the wage round is complete, depressing prospects for growth in Europe.

Little wonder, against this depressing background, that Mr Major is looking for scapegoats. He does have some room for manoeuvre on fiscal policy, the one area of economic policy where a real debate continues. Labour would offer a budget for investment; the government may well choose to cut personal taxes. Yet neither has much room to play with.

Mr Major's one advantage is that he still retains some residual influence over interest rates. With sterling comfortably above its floor in the ERM, he can and should cut interest rates and soon. Further bad news in Germany could easily force German rates up, and thereby close this rate cut window. Then Mr Major would surely go naked into the election campaign.

BUDGET '92

Britain's chancellor has more room for manoeuvre to produce an election-winning Budget, writes **Peter Norman**

Luck may smile on Lamont

Mr Norman Lamont has had less than his share of political good fortune since becoming chancellor. But half way through pre-Budget purdah, his luck may be changing.

Although the immediate outlook for the UK economy is bleak, and his second Budget on March 10 will have to take account of a sharp downwards revision of the government's growth forecast for this year, the chancellor has more room for manoeuvre than only a month ago. Providing there are no disasters, he should be better placed than at the start of the year to influence the economy and the outcome of the forthcoming general election when he finally reveals the secrets of Mr Gladstone's battered red and gold Budget box to the nation.

At first sight, Mr Lamont has little reason to be pleased with his lot. The economic recovery that was promised so many times last year has proved elusive. Official figures, due on February 20, are expected to show that gross domestic product resumed its decline in the fourth quarter of last year. The economy is now thought to have shrunk by a steep 2.5 per cent in 1991 compared with the government's Autumn Statement forecast of a 2 per cent drop in GDP.

The persistent recession is prompting the Treasury and outside forecasters to scale back expectations of growth this year. The latest survey of UK forecasts by Consensus Economics, a business information group, released yesterday points to growth of 1.2 per cent this year compared with the 2.3 per cent GDP gain forecast by the Treasury last November.

Gloom has been compounded by several downbeat soundings of business opinion over the past month, culminating in the Confederation of British Industry's quarterly industrial trends survey which saw business optimism fall compared with the previous quarterly poll in October.

The evidence suggests that he will opt for an economically prudent Budget but with a politically persuasive cut in personal taxation

Paradoxically, pressures on financial markets have eased. Moreover, the idea of a more active fiscal policy to combat the recession is gaining respectability, giving the chancellor more elbow room.

Fears of a sterling devaluation in the European Monetary System have receded. Although the pound has been stuck at the bottom of the exchange rate mechanism, it weathered December's sharp increase in German interest rates without significant support from the Bank of England. Interest rates have edged downwards. The three-month interbank rate – at about 10.5 per cent yesterday – is now pointing to a Budget-time fall in base rates from 10.5 per cent at present, while several top mortgage providers were able to cut their lending rates by about 0.5 percentage points last month. The market for government gilt-edged stock has been strong while even equities have gained moderately in the teeth of adverse company news. By last night, the FT-SE 100 index was up by about 1 per cent compared with the start of the year.

The thaw on financial markets has coincided with a growing acceptance in the City that the government will be forced to increase its borrowing this year beyond existing targets. The City consensus indicates that the chancellor should be able to "give away" about £2bn in his Budget. But some economists, including Mr Roger Bootle of Midland Montagu and Mr David Kern of National Westminster Bank, think he can cut taxes by £4bn.

A £4bn give-away is not very great in the context of a £600bn economy. But it has to be set against rising public expenditure and a deteriorating trend in the nation's public finances. The 1991-92 public sector borrowing requirement is almost certain to exceed the government's most recent forecast of £10.5bn. Even before taking Budget changes into account, lower than expected growth suggests that the government will be hard pressed to keep the 1992-93 PSBR down to the 3 per cent of GDP, or roughly £18bn, assumed in November's Autumn Statement.

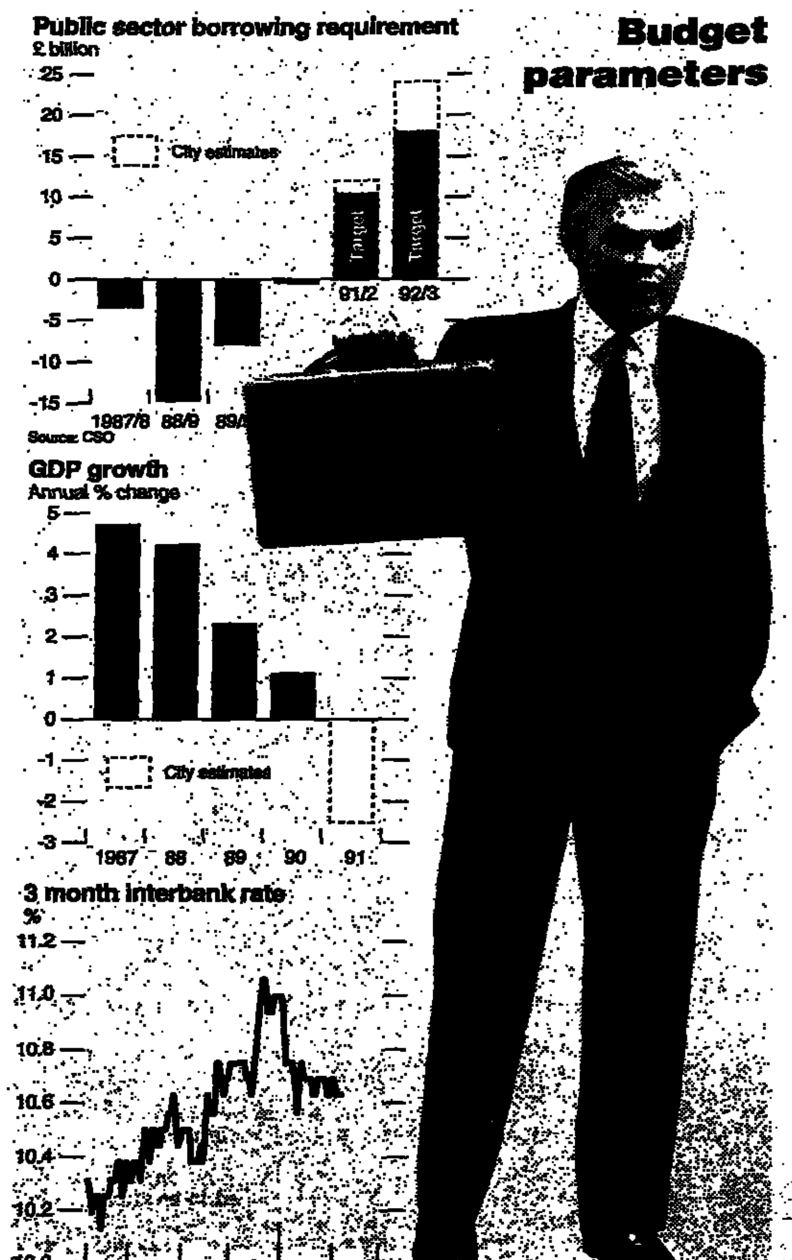
But rising PSBR figures have been losing their power to shock. Advocates of greater fiscal activism argue that lower taxes or higher government spending are a necessary response to the constraints imposed by sterling's membership of the exchange rate mechanism. They are encouraged by Britain's low level of government debt compared with other leading industrialised countries and recent events abroad. This week's high 6.4 per cent wage settlement in the German steel industry has underlined the inability of Britain and other EC countries to cut interest rates so long as the Bundesbank is determined to keep German rates high in the cause of low inflation.

So what can Mr Lamont do? The evidence so far suggests that he will opt for an economically prudent Budget but with a politically persuasive cut in personal taxation. The City and financial markets are aware that Mr Lamont is under strong political pressure to produce a vote-winner. His scope for action may be growing: some analysts have suggested that the markets can tolerate a more expansionary policy if this leads to a Conservative election victory. So long as opinion polls do not count the Tories out, parts of the media and the City are prepared to interpret bad economic news as good news for Mr Lamont. Thus, the worse the state of the economy, the more he can cut taxes.

Mr Lamont seems therefore to have the luxury of choice. He can opt for a populist "give-away" Budget or pursue the cautious and prudent course that has hallmarked the 14 months of his chancellorship.

He is not an unpolitical chancellor. He was Mr John Major's campaign manager in his successful bid for the premiership. He helped stoke the election campaign that has been under way since New Year with charges that Labour was the party of higher taxes. By bringing the taxation of incomes into the forefront of the party battle, he has inevitably raised expectations about tax cuts to the point that no move to ease the income tax burden would be a big surprise.

An FT survey this week showed that a very large majority of Tory MPs wants the chancellor to cut taxes to boost the economy ahead of the election, a message that was reinforced at a meeting between Mr Lamont and backbenchers this week. Although most MPs said they would prefer increasing the thresholds before people pay tax, the odds on a cut in the basic rate of tax are shortening. There are strong political arguments in favour of lowering the basic rate to 24 pence in the pound from 25 pence. It makes for better headlines and would force Labour to declare in an election campaign whether it would raise taxes again.



But income tax cuts are expensive. One penny off the basic rate of tax would cost £1.95bn. Raising allowances by more than inflation is a potentially cheaper option. But each percentage point increase in the allowances still costs £210m. Although the chancellor could, for example, increase allowances by double the 4.5 per cent statutory rate determined by December's inflation rate at a cost of about £950m, he might still have to claw back money elsewhere, perhaps by trimming the benefits that would accrue to higher-income earners through any tax cut.

Earlier this week, the bandwagon behind a tax-cutting Budget was gaining such strength that it was causing some alarm in the Treasury. It is also a moot point whether such expectations are entirely welcome to Mr Lamont. As a former City banker and a Treasury minister since 1986, he knows that markets are fickle and can withdraw support without warning.

Before he disappeared into purdah last month, he repeated his long-standing objection to fiscal activism by telling a meeting of the National Economic Development Council that abandoning the idea of a balanced budget over the economic cycle would risk a build-up of problems when economic growth returned.

After a recent meeting with finance ministers from the Group of Seven top industrial countries, he appeared to rule out radical moves to stimulate the economy. "The recovery," he said, "had been delayed, not cancelled."

The Bank of England is also advising caution. In a speech to the Overseas Bankers Club in London this week, Mr Robin Leigh-Pemberton, the Bank's governor, argued that the conditions for recovery were in place and that only "selective, well-designed measures" should be considered for boosting activity.

Mr Leigh-Pemberton's comments suggest that a good deal of thought is being given to those parts of the Budget which can offer help for industry and businesses. The Treasury has come under intense lobbying from the CBI, the Institute of Directors and other trade groups to make this year's Budget one for business. Among ideas put forward have been increased incentives for investment, a lowering of the burden of inheritance tax on family businesses and action to reduce the impact of rising uniform business rates, particularly in the hard pressed south-east of England.

Such lobbying can bear fruit. In last year's Budget, Mr Lamont announced cuts in corporation tax rates and other tax breaks for business following representations from industry. This year, however, he may pause before announcing such far-reaching steps because – last year's sharp rise in company failures and receiverships notwithstanding – the UK company sector's overall financial position has improved over the past 12 months.

This underlying improvement has encouraged suggestions that the chancellor should introduce time-limited investment incentives, just to give the economy an extra push. These could be along the lines of the pre-Christmas package of measures to help the housing market, in which the government suspended stamp duty on most house purchases until August. But so far Mr Lamont has underlined that the housing package was a specific measure to deal with a particular problem and has rejected further fiscal fine tuning.

Some observers said he should bank on a recovery of business and consumer confidence that should follow an early general election, now looking likely on April 9. In recent months there has been growing concern among businessmen that uncertainty about the election date and outcome is acting as a brake on activity. Some companies may be holding back from investment in the hope that an incoming Labour government would provide more generous incentives. A more widespread grumble is that fear among higher earners of an effective 59 per cent upper rate of income tax in the event of a Labour victory is restraining demand and the purchase of big ticket items such as cars.

These fears, if true, imply that a government election victory would be followed by an upsurge in investment and demand.

Such a scenario could persuade Mr Lamont against too open-handed a Budget that would jeopardise his medium-term goal of returning to budget balance over the course of the economic cycle. Being prudent might be a really bold move for a chancellor who, between now and the Budget, will be under heavy pressure from Tory backbenchers anxious about their re-election prospects. The feral nature of politicians in fear of defeat should not be underestimated.

However, it must not be forgotten that Mr Lamont has proved himself to be a determined fighter against inflation and also has ambitions to be a tax-reforming chancellor. Although the pressures on him are strong to deliver a "feel good" Budget, he will not want to risk his credibility with financial markets or exhaust room for future fiscal manoeuvre in the event of his being re-appointed chancellor.

MAN IN THE NEWS

Lindsey Halstead

When the driving seat becomes a hot seat

By Kevin Done

Mr Lindsey Halstead, chairman of Ford of Europe, has had some difficult explaining to do to his bosses at Ford's world headquarters in Detroit over the past 12 months.

Ford last year achieved record vehicle sales in Europe. At the same time it collapsed into loss.

Often in the past 10 years Ford of Europe has come to the rescue of its US parent, churning out profits to help cushion the disasters being faced by the world's second-largest vehicle maker in its domestic north American market.

In 1991 the wheels fell off in both north America and Europe, however, with the result that Ford will soon announce billion-dollar losses for 1991. The worldwide automotive operations had racked up net losses of \$2.47bn in the first nine months of last year.

Mr Halstead has had an uncomfortable ride since easing himself into the driving seat at Ford's European headquarters to the east of London three years ago.

Though he inherited record net profits for Ford's European operations of \$1.562bn in 1988, in the past three years the profits have evaporated, slipping to \$1.289bn in 1989, \$263m in 1990 and into loss last year. The decline has been as steep as the fall of Mr Halstead's beloved ski slopes in Colorado.

To rub salt in his wounds, Mr Halstead has been forced to watch Ford's European glory be usurped by General Motors, its much bigger US rival, but traditionally a loss-making laggard in the European arena.

Now the tables have been turned with a vengeance. GM (Opel in continental Europe and Vauxhall in the UK) achieved record group net profits of \$1.915bn in Europe in 1990, and it turned in another strong financial performance last year.

Mr Halstead has not been idle. Joined by a new deputy in the bulky shape of Mr Bill Fike as Ford of Europe president last April, he has been trying to galvanise the bloated Ford bureaucracy into action.

Late last year, 300 senior managers from Ford's European automotive operations gathered in Cologne to hear the new gospel according to Halstead and Fike. The duo launched their "Drive for Leadership" campaign. "When we meet again in April, we will review results, not more plans," the managers were told by the combative Mr Fike.

He told the managers that the Japanese are "the critical challenge in Europe.

"Their increased presence will create additional pressure on all manufacturers to improve quality, reduce costs, and compete for market share through improved products and aggressive pricing actions.

"The battle in Europe has begun – and truly only the fittest will survive."

Mr Halstead, 61, a Ford veteran who joined the company in 1952 as a service parts analyst, was previously vice-president of both Ford's Latin American and Asia-Pacific operations. Confronting the Japanese auto industry in the latter post, he was left with what might be carefully described as a respectful hostility for his Asian rivals.

He did not baulk at being referred to as "Jacques" Halstead, after one of his more outspoken speeches appeared to put him in the same camp as the protectionist Jacques Calvet, chief executive of Peugeot, the French car maker.

Mr Halstead and Mr Fike have drawn up a broad agenda for change in Europe – the job cuts announced for the UK yesterday are part of the plan – that includes:

- Attacking rigidities in organisation and structure with the so-called "30/30/30" guidelines. The plan is to reduce the number of indirect salaried staff, foreign service employees and certain layers of management by at least 30 per cent by the end of 1993.
- Aiming for a 25 per cent cut in investment spending by 1997 without reducing quality. Earlier supplier participation, simultaneous engineering, and early definition of customer requirements are all considered vital to gain greater investment efficiency.
- Improving productivity and quality, in particular at the UK Dagenham and Halewood vehicle assembly plants, which have continued to lag behind Ford's equivalent continental European operations.

Mr Albert Caspers, a key Halstead lieutenant as vice-president of Ford of Europe's engineering and vehicle manufacturing group, says Dagenham improved its productivity by 21 per cent between 1985 and 1989, but "despite this improvement Dagenham units (the Fiesta small car) are still substantially more expensive to produce than Cologne's."

Of Halewood, he says simply: "There is a long way to go, but we believe we are making progress."

- Reducing the complexity of model lines by cutting the number of so-called "build combinations"; introducing simultaneous engineering with the ultimate ambition of reducing new model development times from the 72 months of the recent past to only 36 months; and attacking design cost and materials cost by cutting the number of components suppliers and giving them much more research and development responsibility.

Mr Halstead admits he felt thwarted in trying to convey the urgency of his drive-for-leadership message to Ford of Europe's middle management.

"I got frustrated with the speed at which as an organisation we were addressing the need to be more customer driven.

"We have to make more decisions down below in the organisation. If you take enough people out at the top, the critical work still gets done. It is working, but it is a slow process."

Ford has always been rightly famed for its financial control systems, for rule by the bean counters, but Mr Halstead insists that such an approach is deeply flawed in today's marketplace.

"We have been a cost-driven rather than a product-driven company. The Japanese have done a good job. If you look at customer research and customer satisfaction indices they have scored better."

Ford of Europe has been dragged down in the past two years by its performance in the UK, traditionally its big money spinner. It persistently underestimated the depth of the recession and was left with capacity where it had no sales in the UK, but with demand in Germany which it did not have the capacity to satisfy.

Mr Halstead and Mr Fike insist that Ford's European operations are now in better balance, but as more job cuts are announced for the UK Mr Halstead pulls no punches over the threat facing the British operations if they do not shape up.

"It isn't the facilities that are different, there is not a damn thing wrong with the Halewood facility. It is the way labour is organised and the way labour functions... You have to close the gap (with continental Europe) eventually, or you have to shift capacity because eventually you will have to say 'to hell with it'."

Partners at odds in their special relationship

US: knee-jerk responses and second thoughts

Whenever a prominent Japanese implies that the US is no longer a paragon of every virtue, Americans react reflexively and negatively. It happened this week after Prime Minister Kiichi Miyazawa's observations that perhaps the US (and also Japan) had its values skewed in the 1980s by the pursuit of easy money and the sacrifice of the "work ethic".

American second thoughts, however – and there have been several columns and editorials this week concurring with Mr Miyazawa's sentiments, if not with his tact and timing – have nothing like the impact of the initial *démarche* and response.

Sometimes second thoughts even translate into action. Last month, for example, Mr Fay Vincent, the commissioner of baseball, reacted in horror to the proposal that a Japanese-led group take control of the Seattle Mariners. Baseball, he intoned, was an American game and the fact that the people of Seattle welcomed Japanese ownership as the only way of preventing the team from being moved to Florida was irrelevant.

This week Mr Vincent somewhat changed his tune, having listened to arguments from citizens of the north-west, who are conspicuously less agitated by the Japanese threat than most of their countrymen because they know them better and trade with them more. He noted that the Japanese-born president of Nintendo of America had lived in the Seattle area for 15 years and might, therefore, be said to meet the notional stipulation that ownership of a franchise be definably local.

However, most public rhetoric, if not substantive action, is all one way and against Japan. This is not new, but it has been given current point by President George Bush's trip to Japan last month. Never before had a US president gone on such an overt begging mission. Its sad climax at a banquet seemed to symbolise the weakness of the US against the economic might of its former client state.

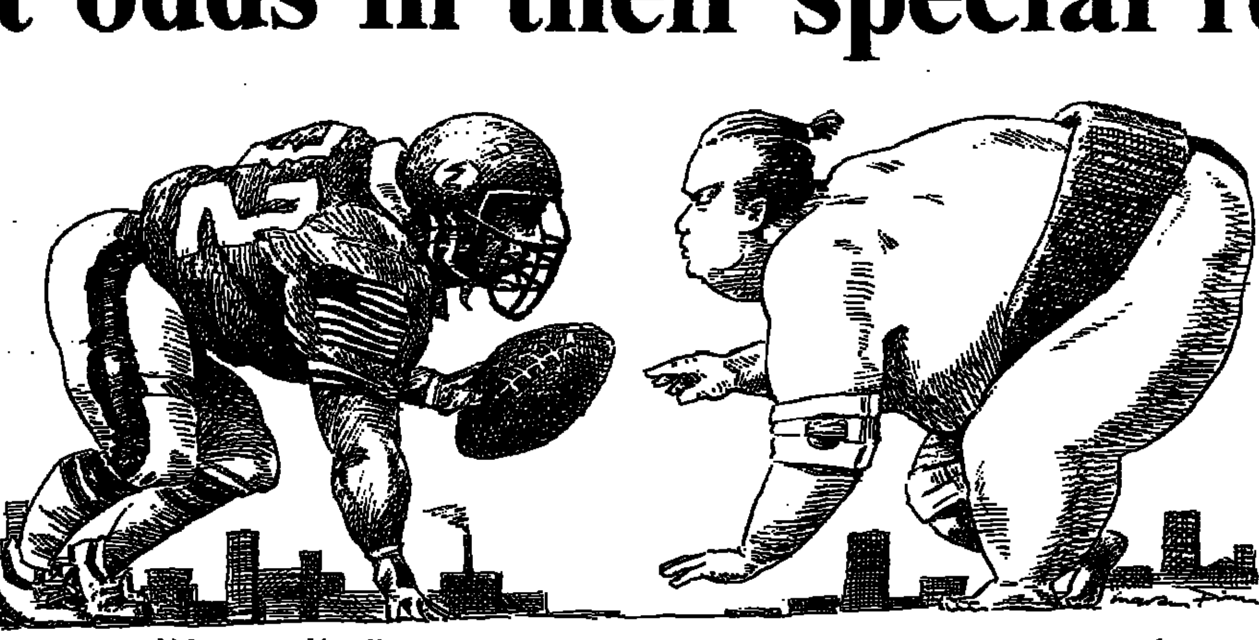
This sense, allied to the offence taken at the remarks of Mr Miyazawa and others, has produced a scattered knee-jerk response. Several businesses have put into effect "buy America" discounts and subsidies for their employees. More significant seemed the decision by the Los Angeles transit authority to cancel an order placed with Sumitomo of Japan for light rail cars, although it did advance the case that the collapse of American inner city public transport meant that the country needed a revived indigenous transit manufacturing industry.

This is also a presidential election year, which means anything can become an election issue. This is especially so in a country still in recession, where the dominant political theme has been not sex but the potent four-letter word "jobs".

It follows, therefore, that the easy charge to make, regardless of its truth, is that Japan is stealing American jobs. Predictable political grandstanding apart, there has been rather less of this than might be expected. Among Republicans, Mr Pat Buchanan, who is challenging Mr Bush in the New Hampshire primary on Tuesday week, can get in his "America first" haymakers. Mr Bush finds himself obliged to proclaim that the US has not lost its work ethic, but is now a touch reluctant to identify himself too closely with the highly paid US car company executives whose presence in his Japanese entourage was criticised.

Of the Democrats, only Senator Tom Harkin from Iowa, who is the closest to organised labour, engages in mostly unadulterated Japan-bashing. Senator Bob Kerrey of Nebraska did broadcast one TV commercial portraying himself guarding an ice hockey net against presumably Japanese attackers, but he has subsequently partly disowned this pitch. As a former governor, he is not insensitive to the attractions of Japanese investment, estimated now to provide 600,000 direct jobs in the US.

Jurek Martin



Japan: no longer such an admirer of America

It is not new for Americans to criticise Japan, even to the extent of smashing a Japanese car with a sledgehammer in protest at Japanese trade practices, as happened in Detroit this week. Nor, is it new for the odd Japanese politician to insult American workers, as Mr Kiichi Miyazawa, the Japanese prime minister, inadvertently did this week when he questioned Americans' "work ethic".

What is novel is the reaction these insults have provoked. In Japan, people are at last beginning to say what they have long felt – that, in some respects at least, the Japanese way of life is superior to America's. Mr Takayoshi Miyagawa, a public opinion poll expert, says: "America today is no longer the America which we admired for so long."

The smashing of the Honda car was widely publicised in Japanese newspapers. One commentator said: "This childish American stunt makes us feel even more contempt for Americans. And, although Mr Miyazawa apologised for the "misunderstanding" caused by his remarks, many Japanese feel that he accurately reflected their feelings in saying that too many Americans went to work on Wall Street and too few in industry.

Japanese employees do work longer hours than their US counterparts – an average of 2,201 hours in 1990, compared with about 1,900 in the US – according to German Economic Institute figures; but Japanese productivity remains lower than in the US. In 1988 Japan was 80 per cent as productive as the US – although the gap is narrowing.

There was also some annoyance that the comments had been reported overseas. One former foreign ministry official said that, since the prime minister had been talking in the Diet, he might have assumed that he was speaking only to Japanese – a sign perhaps of the distance the Japanese still have to travel before they are truly at home in an international environment.

Indeed, Japan remains uncertain of the position it wants in world politics. The government's policy is to secure greater influence, through increased participation in the UN, including a permanent seat on the Security Council. But most Japanese people are wary – witness the popular opposition to a bill that would allow Japanese servicemen to join UN peacekeeping missions.

Taxpayers are increasingly critical of Japan's contributions to overseas aid. One official says that, when he spoke in a provincial city, he was asked: "Why spend it abroad? Spend it here." In political affairs, therefore, the US is likely to continue to take the lead over Japan.

Much depends on how the recent spate of Japanese criticism of the US develops. It could die away, as did public protests about the security pact and the Vietnam War.

Moreover, anti-US feelings mix uneasily with a love of things American. McDonald's and Coca-Cola, baseball, Arnold Schwarzenegger and Madonna – all are worshipped in Japan. Hawaii is the most popular holiday destination.

Equally, if some Japanese are quick to condemn Americans for being lazy, ill-educated and spendthrift, others are sad to see a great ally humbled. Among them is Mr Miyazawa, who during Mr Bush's visit called on the Japanese to help the US in return for the support America extended after the war. He has said that the US saved Japan from starvation.

During Mr Bush's visit, however, the Japanese felt deeply insulted by the chief executives of the big three US motor companies who accompanied him, and who demanded that Japanese carmakers agree to buy their products. If anything can promote anti-Americanism in Japan, it is bullying over economic issues by the US. As Mr Miyazawa says: "When the US acts like a dictator over Japanese businesses then we feel contempt towards the US."

Stefan Wagstyl

Battle for the soul of ITV

Raymond Snoddy on turmoil in commercial television

Careful viewers of ITV last Monday night would have noticed a strange sight. All the programmes made by Granada Television appeared to have been produced by the same person.

As the credits rolled, the executive producer of Coronation Street, the top-rated soap opera that has been running for more than 30 years, was named as David Plowright. He was also named as editor-in-chief of World in Action, the award-winning current affairs programme as well as a raft of regional programmes.

The rash of unusual credits marked a small insurrection by programme-makers. It was a signal of their extreme displeasure that Granada group, the TV company's parent company, had just announced the forced departure of Mr Plowright, executive chairman of Granada TV, one of the most respected exponents of a public service concept of UK commercial television that had produced triumphs such as Brideshead Revisited.

Mr Plowright's departure is a powerful symbol of the current turmoil within the independent television system as it struggles with the aftermath of competitive tenders for new franchises, recession, and government policies for a more open network structure.

The dismissal, less than four months after Mr Plowright successfully led the team that won Granada a new 10-year franchise with a remarkably low bid of £9m a year, has become the focus of opposing views about the future of UK commercial television.

To programme-makers it is a row about quality broadcasting being forced to surrender to the desire for profit. The opposing view, endorsed within Granada's management, is a need to limit the power of barons within the independent television system and to emphasise the need for greater financial accountability.

The situation is less black and white than either view would suggest. Mr Plowright's departure is more likely to have reflected a mixture of personality clashes, financial strains within the Granada Group and clashes about how much programmes should cost.

For viewers, the picture for ITV appears to be entirely rosy with the BBC being trounced in the ratings.

Below the surface, however, recession has clearly hit an industry that was supposed to be almost recession proof. ITV revenues grew from £1.326bn in 1987 to £1.614bn in 1989, were static in 1990 and fell last year to £1.587bn. This year, most analysts forecast little more than a 2-3 per cent, inflation-adjusted increase in revenues.

In addition the ITV system is still trying to come to terms with the effects of the 1990 Broadcasting Act with its competitive tenders for new franchises, insistence on a new network structure and a minimum quota of 25 per cent for independent producers.

"This legislation has fouled every bit of ground. All the things we said would fall out as a result are starting to happen," said Mr David Shaw, director of the ITV Association, the industry trade body.

The most pressing task is the problem of creating a network structure acceptable to the ITV companies and to independent producers, the Independent Television Commission, the regulatory body for UK commercial television and the Office of Fair Trading.

At the moment the commissioning of new programmes for 1993, when the new franchises begin, has ceased. ITV had hoped to commission the first nine months of next year under the old network rules.

"The machine of ITV production is in pieces on the ground," says Mr Charles Denton, chairman of PACT, the independent producers organisation, many of whose members are starting to suffer because of the lack of programme commissioning.

Once that problem is resolved the OFT has to agree permanent arrangements for the network. A network director, who will be in charge of commissioning programmes, still has to be appointed.

The signs are that the OFT will be offered a scheme in which independent producers will have the right to take their ideas to the network director but will be paired with sponsoring ITV companies when the programmes are actually being made. It is not clear whether the OFT will accept this relationship. Mr Denton insists he will be pushing for a fair, open market in programme production.

Such a market in turn will create uncertainties and pressures for the traditional ITV companies with their studios and standing armies (although these have been reduced over recent years). If the in-house teams lose out to independents, further big job losses would be inevitable.

The changes add up to a big restructuring of the system of programme-making within ITV. The process will not be helped by the wide disparity of successful franchise bids. There are fears that costly programme ideas will be torpedoed because high bidders such as Yorkshire Television, which paid £37.7m for its franchise, (compared with Central which bid £2,000) will not be able to pay their share.

For Granada the new financial realities are about to become only too clear. Sixty staff who are to be made redundant are expected to hear the news imminently.

As for Mr Plowright he made it clear that despite "having had the pleasure of reading my own obituary, I do not yet feel dead." He added that he would continue to take part in the debate about the future of British broadcasting "in the aftermath of a flawed piece of broadcasting legislation".

It could increasingly be a voice crying in the wilderness.

LETTERS

Grandparent's travel costs questioned

From Mr Robert Mason.

Sir, I am intrigued to know how Mr Foster (Letters, February 6) adds one grandparent to his group travelling from Skipton to London and increases his costs by £200. The most expensive ticket for the journey is £132. Should the grandparent be aged 60 or over, by purchase of a £16 Senior Railcard he or she can reduce that fare to £87.10.

Would that BR were in the happy position of being able to "mentally write off" the cost of its vehicles.

In the real world, however, not only do the Intercity 225 trains Mr Foster would use for the bulk of his journey cost £4m a piece but we are expected to make a return on that investment too.

That said, those without aspirations to a BMW can travel from Skipton to London from a little as £33 for an APEX ticket.

Robert Mason,
marketing director,
InterCity,
Euston House,
24 Eversholt Street,
London NW1 1DZ

Muddled thinking that hits N Ireland economy

From Dr David Hitchens and Mr Esmond Birnie.

Sir, The media inevitably focuses on the cycle of terrorism in Northern Ireland and this obscures the province's long-term economic predicament. Chronic large-scale unemployment cannot but aggravate the troubles. In this context the question as to who will became the next chief executive of the Industrial Development Board (IDB) in Northern Ireland is of particular importance. This appointment is especially significant since the current rethink of government economic policy is heavily reliant on the operational competence of the agency.

Independent academic research has demonstrated the IDB's undistinguished record in the past and failure to address the roots of Northern Ireland's lack of competitiveness. For example, job creation has substantially lagged behind that in other UK regions (the troubles cannot be used to excuse all of this difference) and the Irish Republic. Unemployment is forecast to remain at about 15 per cent well into the next century. Inward investment projects have experienced relatively high rates of closure (despite assistance traceable, in some cases, to the year of closure). The productivity of the manufacturing sector remains low.

Northern Ireland's economic weaknesses derive in part from too much reliance on people whose training and experience is too narrow. This is reflected in the muddled way in which the IDB, and parts of the Northern Ireland civil service, are attempting to put their strategy into operation.

The root weakness is long-standing poor productivity and very likely what is required is a shock which will project manufacturing on to a higher growth path. Not only is this unlikely to be delivered by those who have presided over failed policies, it is also doubtful if the required knowledge and ability exists in the province. Above all, new ideas are needed and a very generous remuneration should be offered in order to attract a widely experienced industrialist to the IDB post. Mr Peter Brooke, the Northern Ireland secretary, and Mr Richard Needham, Northern Ireland Office minister, should therefore cast their net very widely.

David Hitchens,
Esmond Birnie,
Department of Economics,
Queen's University,
Belfast BT7 1NN

A safer method of payment

From Ms Cleone Christie.

Sir, Your article, "My cheque is in the post. . .", (February 1) caused me to reflect, not for the first time, on the high-handedness of companies which give their shareholders little option but to pay for rights issues by cheque, sent of course at the shareholder's risk. If the safest method of transferring money is through the inter-bank giro system, why do not companies include on their provisional allotment letters the account number and sorting code of the branch of their bank to which payment is to be made? This would give shareholders the option of a safer method of payment.

Cleone Christie,
Gateways,
Wharfe Lane,
Henley-on-Thames,
Oxfordshire RG9 2LL

Fax service

LETTERS may be faxed on 071-873 5938. They should be clearly typed and not hand-written. Please set fax machine for fine resolution.

Sponsorship that is often irrelevant to the arts

From S W Massil.

Sir, Antony Thorncroft's article on business sponsorship of the arts ("Identity crisis – Sponsorship", January 3) is a useful sample of the perilous state of the arts and the irrelevance of such sponsorship to the arts if advertising is all the sponsors want out of it. It always seems that they get far too much in terms of "hospitality rooms", special dispensation for delaying the start of concerts while the sponsor's guests dawdle to their seats and superfluous labelling on posters, programmes and the like.

For them to claim media coverage in the review as well is tantamount to requiring Frances Barber in the National Theatre's *Night of the Iguana* to have the sponsor's name emblazoned across her bosom.

The deficiencies of arts sponsorship can be exemplified by the current state of the Parthenon – a building designed by sponsors, a column each and the odd pediment but not the roof or heart of the building, and certainly not the soul.

The current deplorable state of our sporting contests, cricket and football leagues and no doubt everything else shows how these have become degraded precisely because of the embrace of business sponsorship for the wrong reasons. It is the quality of the play that justifies the sponsor and not the other way about.

S W Massil,
138 Lane,
Crouch End, London N8 7JP

Route to offering Continental car prices to motorists in UK

From Mr Osman Streater.

Sir, There is a simple measure which would, overnight, enable the British motorist to buy the car of his or her choice at the lowest prevailing Continental price. It is to change to driving on the right, in vehicles with the steering wheel on the left.

The Monopolies and Mergers Commission report mentions that the Wilson government reviewed this situation in 1966, and again in 1969. On both occasions, they decided that the change would cost the Treasury too much. The MMC seems to think that a policy decision by a government whose place in history is by no means certain and whose equivocal stance on membership of the European Community is a matter of record must stand for all time.

Today, in the age (if it lasts) of the Consumer's Charter, can we not move to a policy which is consumer-driven rather than Treasury-driven – and make the obvious, overdue change to driving in cars which are inherently cheaper because they follow a common European standard?

Osman Streater,
Savile Club,
69 Brook Street,
London W1Y 2ER

Not in the same category

From Lord Strathalmond.

Sir, Mr Grossman's attempt (Letters, February 5) to include Lloyd's in the "regulatory disasters" of BCCI and the Maxwell pension funds is misguided.

Generalised assertions and allegations are easy to make but should not be confused with evidence, let alone proof. In Britain, one is innocent unless proven guilty by a court of law. Lloyd's has not been found "guilty" of any fraudulent conduct. Although Lloyd's has taken its own effective disciplinary actions in a number of cases, those relate primarily to events that occurred before the passing of the new regulatory framework under the 1982 Lloyd's Act.

Mr Grossman is a plaintiff against Lloyd's in the US and his letter has the appearance of an attempt to argue his case in the media rather than the proper forum.

Strathalmond,
Holt House,
Elstead, Surrey GU8 6LF

Better a language that confuses than one that is over-exact?

From Ms Katharine Sinderson.

Sir, The article by James Morgan ("As They Say in Europe: Watch your tongue!", January 25) on the perils of other people's languages cites German irritation with the imprecision of the English phrase, "Old Fish Hill Street", in which no indication is given of whether "old" refers to fish, hill or street. This could beg the question, from an English-speaking person, of who would necessarily want to know such a thing, or, indeed, why.

However, the example brought to mind Mark Twain's essay, "The awful German language" quoted in the book, Words and Women, by Casey Miller and Kate Swift. After pointing to the absurdity and apparent indignity of young ladies and wives being described as genderless, while mere turnips are designated female, Twain continues: "To describe a wife as sexless may be called under-description, that is bad enough, but over-description is surely worse. A German speaks of an Englishman as the *Engländer*; to change the sex, he adds *-in*, and that stands for English-woman – *Engländerin*. That seems descriptive enough, but still it is not exact enough for a German; so he precedes the word with that article which indicates that the creature to follow is feminine, and writes it down thus: *die Engländerin* – which means 'the she-Englishwoman'. I consider that that person is over-described."

Presumably, the degree of description deemed necessary is in the eyes or ears of the variously mother-tongued and therefore biased beholders.

Katharine Sinderson,
15 Clee Crescent,
Old Clee,
Grimsby, Lincolnshire

Wolseley makes £95m French buy

By Angus Foster

WOLSELEY, the plumbing equipment distributor, has made its first move into continental Europe with the purchase of the Brossette group, France's largest plumbing supplier.

Wolseley, which has already built up a dominant position in the UK and US, will pay FFr931m (£95.1m) to buy the company from the Brossette family, which started the business in 1841 in Lyon.

Mr Jeremy Lancaster, Wolseley's chairman and managing director, said Brossette was almost a carbon copy of Wolseley's UK business and the acquisition would give the company a beach head for later expansion into Europe.

"In our view, you can't go into Europe from the UK without something in France first," he said.

Brossette claims a 12 per cent share of the French plumbing and heating supplies market, according to Mr Pierre Brossette, the main shareholder. Mr Brossette, who will remain president, said he agreed to the sale because there were no family members to inherit the business.

Wolseley is paying about 14 times historical earnings for Brossette, which is expected to report profits before tax of at least FFr101.4m for last year.

The consideration was satisfied by about £10m cash and the issue of 21.47m shares at 400p, which were placed yesterday by SG Warburg Securities.

Wolseley's shares were steady yesterday, closing up 1p at 414p. The shares fell sharply on Thursday, dropping 14p, apparently ahead of the announcement.

Gearing will rise from 20 per cent to between 25 per cent and 30 per cent, reflecting the increased bank borrowing and FFr315m of debt being taken on within Brossette.

Brossette has 176 outlets throughout France, more than three times its nearest rival. Last year the company began a small operation in Belgium. Mr Lancaster said the expanded group would also look at Spain and Germany, but only if the right acquisition became available.

Brossette has been affected by the recession in the construction industry and by a fall in new housebuilding in France. But profits this year were expected to be steady, reflecting an upturn in renovation work, Mr Brossette said.

In October Wolseley reported profits down by nearly a third from £120.7m to £80.3m in the year to end-July 1991 due to recession in the US and UK.

Mr Lancaster suggested yesterday there had since been little improvement. But he said March and April would provide better pointers for gauging the extent of any upturn.

Jeremy Lancaster: buying a European stepping stone

See Lex

Dalgety snaps up Sooner Snacks

By Richard Gourlay in London and Nikki Tait in New York

DALGETY, the UK foods group, yesterday announced that it had bought Sooner Snacks, the UK subsidiary of Borden of the US, in a further rationalisation of the branded snacks market.

Dalgety is paying £30m for Sooner's share capital and will repay £14m of inter-company loans.

The acquisition will increase Dalgety's share of the overall snacks market to just under 20 per cent when it combines Borden's products with Golden Wonder, its leading brand.

Mr Maurice Warren, Dalgety's chief executive, said the company would be able to use Borden's fleet of delivery vans to increase Dalgety's share of impulse sales in the pubs, clubs and garages market.

Borden, which has interests ranging from food to adhesives, has seen fierce competition in its domestic market on the snacks side, although it has stepped up efforts to protect its number two position in the salty snacks market recently.

The company claimed that the sale of the UK unit had no impact on its commitment to North America, and that its thrust into the Germany, Hungarian and central European markets would continue.

The sale is a further commitment to the foods industry after years of involvement with volatile activities like commodity trading. It is now concentrating on snacks, petfoods, food ingredients and agri-business.

Sooner had sales of £57m and pre-tax profits of £3.9m in the year to December 1990. Manufacturing in Scunthorpe, it has brands like Nik Naks, Ghostbusters, Groovers as well as traditional crisps.

Mr Warren said Dalgety was still looking to expand with acquisitions in continental Europe but that when a company like Sooner was for sale it was too good an opportunity to forego.

"Its portfolio of snack and crisp brands, its wide distribution in the impulse sector and its van sales force complement the commercial and management strengths of Golden Wonder," he said.

Brown & Jackson chairman likely to resign after review

By Norma Cohen, Investments Correspondent

MR ANDREW REID, chairman of Brown & Jackson, the discount retailers, is expected to announce his resignation on Monday, following the completion of a review of the company's purchase of a subsidiary from Mr Bryan Duffy, its former chairman.

Yesterday, Henry Ansbacher and Co announced that 75 per cent of the subsidiary, Advanced Technology Industries, would be transferred back to its original owners in exchange for an agreement to drop claims to nearly £11m of the original purchase price. Also, ATI's loans to Brown & Jackson are to be converted to debt and redeemable preference shares.

Ansbacher had agreed to act as B&J's financial advisers last October on the condition that Mr Reid would resign, if necessary, following an internal review.

Ansbacher recently completed that review and concluded that as much as 40 per cent of ATI's profits between 1988 and 1990 may have been questionable. Remuneration to the former owners, including Mr Duffy and Mr Christopher Bailey, another former B&J director, were based on profits earned by ATI in that period.

Profits were negligible in 1987 and ATI is estimated to have made a £2.3m loss for 1991. However, in each of the three years upon which payments were based, ATI showed profits of more than £1m. Overall, B&J has paid more than £8m for ATI.

Shareholders had urged the resignation of Mr Duffy late last spring, saying they would not inject the needed new capital unless he left.

Last September, Mr Duffy announced his resignation following a £4.3m loss for the first half of 1991, saying he would take responsibility for the company's poor performance. However, he had sought to remain with the company as a consultant, which was opposed by shareholders.

Among other things, shareholders questioned the terms of the investment in ATI which had been recommended by Mr Reid, a director at the time.

Lynx chief ousted by institutions

By Richard Gourlay

MR STEPHEN Hinchcliffe, chairman of James Wilkes, the engineering group on the receiving end of a hostile bid from Petrocon, was yesterday ousted from the board of Lynx Holdings in an institutional coup.

A majority of institutional shareholders are thought to have grown dissatisfied with the lack of progress since Mr Hinchcliffe refinanced the leisure and computer services company two years ago and had threatened to requisition an extraordinary general meeting to change the board.

Mr Andrew Hartley and Mr Chris Harrison, both also executive directors of Wilkes, have also resigned from the board of Lynx. Mr Hinchcliffe is replaced as chairman of Lynx by Mr Roger Pinnington, chairman of Telfos Holdings.

In November the share prices of Lynx and Wilkes fell on news that Mr Hinchcliffe had been arrested. He was not charged. West Midlands Commercial Fraud Squad said Mr Hinchcliffe was arrested as part of an investigation into WB Industries, a West Bromwich engineering company.

Reshuffle of management at Asda

By John Thornhill

ASDA, the Leeds-based grocery chain which recently reported a severe slump in profitability, is reshuffling its senior management with the aim of producing a more focused retailing structure.

Mr Archie Norman, who became group chief executive at the end of last year, will assume a more direct role in running the core retail business by taking on the additional post of chief executive of Asda Stores.

This position was split between Mr Richard Harker and Mr Tony Campbell, who become retail director and trading director respectively. The company also expects to announce the appointment of a personnel director shortly.

Mr Norman is faced with a host of strategic and operational dilemmas as he attempts to overhaul the grocery chain. But he stressed yesterday that he wanted to return to Asda's "traditional strengths", which he defined as real value for money, a clear consumer image and tight cost control.

Asda has hired McKinsey, the management consultancy, to assess its financial options and review its product offering.

The company is researching several possible trading formulas and is especially concerned to develop a viable format for 49 of its older stores which have been significantly underperforming its competitors. Asda intends to launch a pilot store in June to experiment with a new approach.

The company is also working with Andersen Consulting to maximise the effectiveness of information technology and introduce direct product profitability (DPP) techniques. Such systems are already common among Asda's competitors.

Last month Mr Norman argued that Asda could generate healthy growth simply by squeezing more profits out of the company's under-exploited assets and making a decent return on its £4bn of sales.

Fisons' best seller faces threat

By Paul Abrahams

FISONS' best-selling asthma drug, Intal, is set to come under pressure for the first time from a newly-licensed generic competitor.

Mr Isaac Kaye, deputy chairman of Ivax Corporation, the US pharmaceuticals group, said that Harris Pharmaceuticals, the company's UK subsidiary, had received a licence from the UK authorities to sell a generic version of the asthma drug. The company has also applied for licences to market the product in Europe, he said.

The licence, for a meter-dosed aerosol inhaler system for Intal, may allow Harris to take significant market share from Fisons. Analysts believe that Intal sales represented £170m of the company's total revenues of £500m during 1990. Sales in the UK alone are estimated at about £15m of those revenues. The product is highly profitable, according to analysts.

Although Intal has been off-patent for some years, generic producers have had problems designing an aerosol inhaler that will deliver the product efficiently to asthma sufferers' lungs.

It is this problem that Harris, which has considerable experience in inhaling technology, appears to have overcome. Fisons said that more than 50 per cent of Intal sales were in aerosol form.

The ability of Harris to exploit the British Intal market will depend upon the company's ability to reach general practitioners and hospital purchasers. The group has only a small sales team, according to analysts.

Similarly, Harris may have problems penetrating the continental market if the product is licensed because of the strength of Intal's brand-name there.

Ivax is unlikely to exploit the Intal generic market in the US. A number of Fisons' patents have not yet expired there.

In addition, the US Food and Drug Administration has not yet decided how to license generic inhaled drugs. The FDA is expected to insist on expensive clinical trials before licences will be issued.

CML warning on second half surprises City

Shares in CML Microsystems fell 23 per cent yesterday to 247p after the group issued a warning that profits for the second half of the year would be moderately below the £2.37m returned for the first, writes Michiyo Nakamoto.

The warning, which followed a relatively upbeat outlook for the year by the group in November caught the City by surprise.

CML makes electronic equipment for cellular communications and traffic control, and sells its products in international markets through agents who anticipate sales and produce an annual sales schedule in January.

The sales schedule for this year showed many of its customers, particularly those which buy semiconductors for cellular communications and radio, deferring orders.

Although there had been surprise that CML had not seemed to be feeling the effects of the recession much, analysts were alarmed by the high level of rescheduling – at about 25 per cent – particularly as historically the fourth quarter is the busiest for the group.

Hanson expected to show quarter-on-quarter fall

By Roland Rudd

HANSON, the Anglo-American conglomerate, is expected to announce its first quarter-on-quarter fall in pre-tax profits for 28 years when it publishes its first quarter results on Thursday.

Analysts' forecasts for Hanson's three months to December 31 range from £220m to £240m, compared with £241m in the comparable period.

The expected fall in profits is partly explained by the continuing effects of the recession on both sides of the Atlantic.

Lord Hanson, chairman, has said that the UK recession was likely to continue to affect Hanson's business for the first half of the year.

While Lord White, chairman of Hanson Industries, the group's US arm, told shareholders last month that "the US economy remains sluggish" and that he did not anticipate any beneficial effect until at least late 1992.

However, last year's first quarter figures were also boosted by the last two-month contribution from Cavenham Forest Industries through a $1.3bn swap for its 49 per cent stake in Newmont Mining.

Mr Nyren Scott-Malden, conglomerate analyst at Barclays de Zoete Wedd, said: "The difficulty of getting organic growth from the mature businesses will force the group to continue to grow by acquisition, which is becoming more difficult as the group gets larger."

Lords Hanson and White are to address institutional shareholders, representing about 80 per cent of the equity, at a meeting in London on Friday.

US lawsuit hits Bass shares

By Philip Rawstorne

SHARES IN BASS, the brewing and hotels group, tumbled 15p to 520p yesterday on news that it had filed a lawsuit in the US over the $2.23bn (£1.23bn) acquisition of Holiday Inns in North America two years ago.

Bass said that it had taken the action against Promus, the US-quoted casinos and hotels company which remained after the Holiday Inn business had been sold, "to protect its right to enforce its claims for indemnification for breaches of warranties and representations".

The warranties and representations, given by Promus in merger and tax-sharing agreements relating to the acquisition, were due to expire last night. They cover various aspects of the condition of the hotel chain at the time of the takeover.

Bass said: "It is not possible at this stage to quantify any potential recovery from Promus under the claims for indemnification."

The group is already pursuing one claim in excess of $10m.

Bass made substantial provisions in its accounts for acquisition costs in both 1990 and last year. The company said yesterday: "I can confirm that the down-side has been adequately provided for." Analysts estimate that the US hotels contributed about £68m or 11 per cent of Bass's total trading profits of £616m last year.

See Lex

Dean & Bowes chairman buys subsidiary and quits

By Angus Foster

MR STEPHEN Dean has resigned as chairman and chief executive of Dean & Bowes, a designer and refurbisher of licensed premises and hotels. He will be replaced by Mr Philip Sims, the company's former finance director.

Mr Dean is to buy out Dean & Bowes (Contracts), a specialist public house furnisher, for £300,000, after capitalisation of £420,000 of inter company indebtedness and repayment of a further £1m.

Management accounts showed that the company incurred losses before interest and management charges of £7,000 for 1991, compared with operating profits of £488,000. Net assets of £78,000 turned round to liabilities of £100,000.

Following the sale, Dean & Bowes will concentrate on its billiards and snooker subsidiary, EJ Riley, and several shop and interior refurbishment businesses.

Dean & Bowes has been disposing of assets in a bid to cut borrowings. In the first half, pre-tax profits fell to £301,000 (£1.71m).

The shares have collapsed since a rights issue last July at 60p raised £1.38m. They fell 3p yesterday to a low of 17p. Mr Dean has reduced his holding in the company from 25 to about 15 per cent following the placing of 2m shares at 16.25p.

Unitech cuts debt

Unitech has sold its entire holding of $12.5m nominal of Computer Products 9.5 per cent convertible subordinated debenture stock 1997. The sale price of $12.6m (£6.9m) will be used to reduce borrowings.

GUS attempt at bridge-building descends into acrimony

By John Thornhill

A rare presentation by Great Universal Stores, the mail order, finance and property group, to 60 institutional shareholders descended into acrimonious heckling as investors expressed dissatisfaction with the directors' lack of candour.

The meeting was intended to be an bridge-building question-and-answer session but quickly became tense after some shareholders failed to receive satisfactory answers to their inquiries. However, some observers defended GUS and said several of the questions had been "pretty stupid".

Said one institutional investor who attended the meeting: "There is a wonderful arrogance about GUS. They do not see why they have to tell anyone a damn thing."

GUS has never previously gone out of its way to woo City opinion and its decision to host a meeting was welcomed by many of the big institutions.

The company's A shares seemed little affected by the rumpus and closed 9p lower at 1421p.

Second day of court questioning for Kevin Maxwell

By Bronwen Maddox

MR KEVIN Maxwell yesterday emerged from his second day in court, where he had been responding to questions about the raiding of the Maxwell companies' pension funds, to be greeted by 70 similar questions from the parliamentary pensions committee.

Mr Maxwell, who last week lost his appeal that he had a right to remain silent, spent nearly five hours in a private court examination under intense questioning from the provisional liquidator of Bishopsgate Investment Management, the manager of most of the pension funds.

Mr Neil Cooper, the provisional liquidator, from the accountancy firm Robson Rhodes, is trying to trace £300m that has disappeared from the Maxwell pension funds, which has left 30,000 employees and pensioners acutely worried about their future. Mr Cooper declined to comment on the success of the questioning, but it is understood that he may have more questions to put to Mr Maxwell next week.

He is also likely to interview soon – outside court – Mr Larry Trachtenberg, a director of one of the private Maxwell companies that handled some of the pension money, and Mr Robert Bunn, finance director of many of the private Maxwell companies.

Mr Kevin Maxwell and his brother, Ian, together with all other Maxwell pension trustees, were also asked yesterday to reply within two weeks to 70 questions from the parliamentary social security committee which is trying to prevent future abuse of company pension funds.

"Maxwell always went around with a gang of people and one of the things I want to know is if any of that posse went into trust meetings," Mr Frank Field, MP, chairman of the committee, said yesterday.

Although the Maxwell brothers, who were trustees of the pension funds, refused to answer questions when they appeared before the committee on January 13, they indicated that they might answer written questions.

The questionnaire asks how much is missing from each pension funds, when the trustees became aware it had gone, and how it disappeared.

It asks them to comment on their knowledge of secretive offshore trusts connected with the web of private Maxwell companies with reference to a diagram of the empire published by the Financial Times on November 6, the day after Mr Robert Maxwell died.

The MPs ask: "Were you ever a party to signing any transfer of funds, to whom, and did you ever feel the need to seek professional advice". They also want to know why increases in benefits were not awarded in many years despite the existence of a large surplus in the pension fund, and ask directly: "In whose interests did you believe you were acting as a trustee", and "did you ever vote against Mr Robert Maxwell".

● JP Morgan, the US investment bank, is about to be appointed by Price Waterhouse, the administrators of MCC, to advise on the sale of the US businesses Macmillan and Official Airline Guides. The US companies' pension funds were run separately and are intact, making the sale possible.

Price Waterhouse yesterday moved the last two dozen employees of the MCC central management out of the Holborn Circus headquarters into Price Waterhouse accommodation.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres-ponding dividend	Total for year	Total last year
Fleming American....fin	0.75	Apr 6	1.25	1.25	1.75
Scot American IT ....fin	1.06	Apr 3	0.98	4.12	3.8

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock.

LONDON RECENT ISSUES

EQUITIES

Issue Price p	Am'nt Paid up	Latest Renunc Date	1991/92 High	1991/92 Low	Stock	Closing Price	+or -	Net Div	Times Cov'd	Gross Yield	P/E Ratio
†	F.P.	–	75	63	Capital Industries 1p	63		–	–	–	–
100	F.P.	–	101	99	Exeter Prfd. Capital	99		F0.6	–	0.8	–
–	F.P.	–	37	23	Fleming Japanese Wrrnts	37	+1	–	–	–	–
£10½	F.P.	–	£11½	£10¾	Latin Am Inc & Appr. 1c	£11½	–⅛	–	–	–	–
–	F.P.	–	6	4	MultiTrust Warrants	6		–	–	–	–
–	F.P.	–	104	102	Riv & Mrc Tst Inc12 1/2p	104		N9.2	–	11.8	–
–	F.P.	–	120¾	117	Do. Stppd Prf 12 1/2p	120¾		N5.6	–	6.2	–

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc Date	1991/92 High	1991/92 Low	Stock	Closing Price £	+ or -
10p	F.P.	-	10p	8p	Bute Mining 10pc (Net) Cv Prf 1994	10p	
100	F.P.	-	107½	98½	Camborne Inds. 10½pc Rd. Deb. 2001	105½	
100p	F.P.	-	106p	100p	Fidelity Euro. Values Equity Ln 2001	106p	
105	F.P.	-	105	98	Greencore 9.5% Cnv Un Ln Stk 1995	100	
310p	150p	-	277p	187p	Inchcape Non-Int. Bearing Cv Un Ln	269p	+1
100p	F.P.	-	105¼p	100¼p	NatWest Bank 9pc Prf Series A	105¼p	+¼

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc Date	1991/92 High	1991/92 Low	Stock	Closing Price p	+ or -
330	Nil	10/3	83pm	45pm	BM Group 10p	73pm	
60	Nil	16/3	35pm	7pm	#Clarke Foods	32pm	+5
150	Nil	11/3	24pm	23pm	Hi-Tec Sports	24pm	
185	Nil	11/3	74pm	68pm	Whessoe	70pm	–1

a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. q Earnings based on preliminary figures. u Forecast or estimated annualised dividend rate, cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1992-93. H Dividend and yield based on prospectus or other official estimates for 1991. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for [illegible]

TRADITIONAL OPTIONS

● First Dealings Feb. 3
● Last Dealings Feb. 14
● Last Declarations May 7
● For settlement May 18

3-month call rate indications are shown on page 9.

Calls in Airbreak Leis., Berisford Intl., Bimec Inds., British Telecom New (Partly-paid), Coloroll Petrocon, Dowty, Expedier, Ivernia West, Premier Cons., Principal Hotels, Union Discount and Wharfedale. Put in Assoc. Nursing.

NEWS DIGEST

Windsor in £2.3m loss for year

WINDSOR, the insurance and reinsurance broking group, finished the year ended September 30 1991 with an attributable loss of £2.29m, which was largely the result of a number of one-off problems now resolved by the new management.

Mr Stanley Cohen, chairman, said the company had written off £2.4m in exceptional and extraordinary costs involving legal, reorganisation and property matters. The latter involved a £1m write-down on the value of the Hemel Hempstead freehold premises.

He believed the greater part of the historical problems had been addressed and the company was now trading on budget for the current year. The strategy had been to return to the core business of general commercial and reinsurance broking where it had considerable strength.

Turnover in the year came to £7m (£8.13m) and there was an operating profit of £369,000 (£482,000). After interest and exceptionals the pre-tax loss was £1.2m (profit £242,000).

Net assets up 26% at Lancs & London

Lancashire & London Investment Trust yesterday reported a net asset value of 104.8p as at December 31 1991 – an advance of some 26 per cent over the year.

The figure at January 31 1992 showed a further improvement to 110.4p.

The trust, which invests principally in smaller UK companies, last year fought off a bid from Anglo-Scandinavian Investment Trust. The directors maintained the total dividend for 1991 at 2.9p – via a proposed same-again final of 1.9p – despite "difficult conditions facing smaller companies which have led many to reduce or withhold dividends".

Earnings per share improved to 2.9p (2.7p).

Exceptional swells Wiggins Grp losses

Wiggins Group, the property developer and housebuilder, reported increased losses in the six months to September 30, though the increase was steepened by a £752,000 exceptional loss relating to provisions against the group's development sites.

Pre-tax losses amounted to £1.76m, against £889,000 in the corresponding period and £2.54m in the year to March 31.

Turnover declined to £5.22m (£6.92m) and, despite lower administrative expenses of £326,000 (£531,000), operating losses were £239,000 (profits £102,000). After the exceptional, operating losses on discontinued activities came to £1.04m, while continuing businesses were in the black with £51,000.

Mr Stephen Haykian, chairman, blamed high debt servicing and closure costs for the losses. He said that there were signs of improvement in the demand for new houses in the east Midlands, though the south-west operations had been discontinued. Demand for industrial buildings had not improved.

An extraordinary general meeting has been called for February 26, to address the fact that, with the continued losses, the group's net assets had been reduced to less than half of its capital.

Losses per share emerged at 11.1p (5.6p).

Scottish American 16% rise over year

Over the 1991 year, net asset value of Scottish American Investment increased by 16.4 per cent, from 113.1p to 131.7p.

The trust's principal markets had shown good increases, said Mr Jack Shaw, chairman, and the company benefited from being fully invested in the first half and taking a more cautious view in the second.

"The cautious disposition of the portfolio at the end of the year reflects our belief that the next few months will be difficult for equity markets," the chairman stated.

In the year total revenue was little changed at £18.4m and earnings per share were 4.34p (4.42p). The final dividend is 1.06p for a total of 4.12p (3.8p), and indicates at least 4.24p for the current year.

Fleming American asset value up 32%

A 32 per cent increase to 209.3p in net asset value per share was achieved by Fleming American Investment Trust in 1991.

Mr Iain Saunders, chairman, said that, for investors in the US market, the year was one of the most rewarding of the last decade.

The trust benefited from good selection and its exposure to small companies.

However, gross revenue fell from £4.62m to £3.87m and earnings per share from 2.06p to 1.26p.

The final dividend is cut from 1.25p to 0.75p for a total of 1.25p (1.75p). The chairman explained that the reduction was a consequence of the trust being fully invested throughout the year and was consistent with its declared focus on overall return, which meant the dividend fluctuated from year to year.

Independent Inv Co net assets grow

Over the six months ended December 31 1991, net asset value at The Independent Investment Company rose 5 per cent to 57.7p, and in January moved up a further 11 per cent to 64.1p.

A significant factor in the January rise was the near-doubling in the share price of the US company Read-Rite, which is now Independent's largest holding.

It became so as a result of its public offering and subsequent share price performance. It meant that Independent's unlisted investments at December 31 represented 51 per cent of total assets, against 64 per cent at end-June.

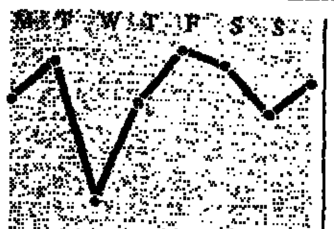
In the interim period total revenue was again £1.5m, but heavier interest charges and expenses cut earnings per share to 0.4p (0.59p).

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

1/2 hour period ending	Provisional Price for Trading on [illegible]: Pool purchase price £/MWh	Final Prices for Trading on [illegible]: Pool purchase price £/MWh	Pool selling price £/MWh
0030	17.15	17.16	17.16
0100	17.84	19.23	21.24
0130	18.40	21.71	23.80
0200	18.40	21.71	23.79
0230	17.40	19.23	21.22
0300	17.32	19.23	21.22
0330	17.15	19.07	21.00
0400	17.15	19.01	21.00
0430	17.11	19.01	21.00
0500	17.08	17.15	17.15
0530	17.04	17.14	17.14
0600	17.04	17.13	17.13
0630	17.04	17.14	17.14
0700	17.04	17.14	17.14
0730	17.06	17.13	17.13
0800	17.08	17.15	17.15
0830	17.11	17.18	17.18
0900	17.13	19.01	21.08
0930	17.16	20.19	22.25
1000	17.16	20.19	22.25
1030	17.16	20.19	22.25
1100	17.16	20.19	22.25
1130	17.16	20.19	22.25
1200	17.16	20.19	22.25
1230	17.15	19.40	21.44
1300	17.13	18.92	20.92
1330	17.13	18.92	20.92
1400	17.11	17.16	17.16
1430	17.08	17.14	17.14
1500	17.06	17.12	17.12
1530	17.05	17.13	17.13
1600	17.06	17.16	17.16
1630	[illegible]	[illegible]	[illegible]
1700	[illegible]	[illegible]	[illegible]
1730	[illegible]	[illegible]	[illegible]
1800	[illegible]	[illegible]	[illegible]
1830	[illegible]	[illegible]	[illegible]
1900	[illegible]	[illegible]	[illegible]
1930	[illegible]	[illegible]	[illegible]
2000	[illegible]	[illegible]	[illegible]
2030	[illegible]	[illegible]	[illegible]
2100	[illegible]	[illegible]	[illegible]
2130	[illegible]	[illegible]	[illegible]
2200	[illegible]	[illegible]	[illegible]
2230	[illegible]	[illegible]	[illegible]
2300	[illegible]	[illegible]	[illegible]
2330	[illegible]	[illegible]	[illegible]
2400	[illegible]	[illegible]	[illegible]

[illegible]

NGC Settlements Limited



ECONOMIC DIARY

TODAY: Winter Olympics open in Albertville.
TOMORROW: First Romanian local elections since December 1989 revolution.
MONDAY: Credit Business (December). Retail sales (December-final). European Community agriculture council has two-day meeting in Brussels. European Community economic and financial council meets in Brussels. European Parliament in session in Strasbourg (until February 14).
TUESDAY: Producer price index numbers (January-provisional). Financing of the central government borrowing requirement (fourth quarter). Monetary statistics including: M4 sectoral analysis; bank and building society sterling lending (fourth quarter). US wholesale sales and inventories (December). Mr John Major, prime minister, Mr Peter Brooke, Northern Ireland secretary, and the leaders of the province of Ulster meet at Downing Street. National Farmers' Union annual meeting. Publication of Ofgas annual report for 1991. The Queen inaugurates London International Futures Exchange at Cannon Bridge.
WEDNESDAY: US housing completions (December). Opec ministerial monitoring committee meeting in Geneva (until February 15). Day of action by Portuguese unions to demand higher pay rises than the government is willing to concede.
THURSDAY: Labour market statistics: unemployment and unfilled vacancies (January-provisional); average earnings indices (December-provisional); employment, hours, productivity and unit wage costs; industrial disputes. Capital issues and redemptions (January). Provisional figures of vehicle production (January). Capital expenditure by the manufacturing industries (fourth quarter-provisional). US jobless claims. BP publishes preliminary figures.
FRIDAY: Usable steel production (January). Index of output of the production industries (December). Retail prices index and tax and price index (January). The leaders of the Commonwealth of Independent States hold summit in Minsk.

FT-ACTUARIES SHARE INDICES

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EQUITY GROUPS & SUB-SECTIONS Figures in parentheses show number of stocks per section	Friday February 7 1992 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%))	Est. P/E Ratio (Net)	xd adj. 1992 to date	Thu Feb 6 Index No.	Wed Feb 5 Index No.	Tue Feb 4 Index No.	Year ago (approx) Index No.	1991/92 High	1991/92 Low	Since Compilation High	Since Compilation Low
1 CAPITAL GOODS (178)	776.92	-0.5	8.73	6.18	14.64	0.52	780.92	784.16	787.82	745.11	890.04 15/3 /91	675.31 16/1 /91	1038.07 16/7 /87	50.71 13/12/74
2 Building Materials (23)	936.29	-1.8	7.43	6.65	18.22	0.44	953.37	964.22	966.69	1026.71	1167.75 14/3 /91	820.50 23/12/91	1381.08 16/7 /87	44.27 11/12/74
3 Contracting, Construction (28)	878.23	-0.2	9.06	8.46	15.93	0.00	880.14	879.01	872.77	1147.40	1438.66 15/3 /91	822.60 23/12/91	1951.50 16/7 /87	71.48 2 /12/74
4 Electricals (7)	2433.44	-0.2	10.15	6.16	12.39	0.00	2438.61	2453.61	2470.86	1996.65	2675.48 1 /10/91	1837.98 22/1 /91	3040.80 8 /9 /89	84.71 25/6 /62
5 Electronics (26)	1763.37	-0.1	10.41	4.86	12.17	1.00	1765.31	1768.82	1784.26	1629.11	1958.19 15/3 /91	1478.08 16/1 /91	2308.22 19/5 /89	1229.01 8 /10/85
6 Engineering-Aerospace (8)	328.11	-0.1	16.27	7.92	7.47	0.74	328.39	329.06	331.40	397.80	469.23 9 /4 /91	318.78 23/12/91	502.42 13/6 /90	318.78 23/12/91
7 Engineering-General (43)	486.80	-0.1	9.76	5.07	12.64	0.92	487.17	490.72	489.58	362.02	503.16 2 /10/91	339.57 23/1 /91	505.10 15/6 /90	339.57 23/1 /91
8 Metals and Metal Forming (10)	323.71	-1.2	2.16	10.73	-	0.00	327.63	325.83	327.95	416.67	509.18 3 /4 /91	286.87 20/12/91	596.67 9 /10/87	49.65 6 /1 /75
9 Motors (14)	301.92	-0.4	8.41	7.84	15.79	0.00	303.24	303.03	301.02	290.42	371.25 6 /9 /91	266.43 16/1 /91	411.42 13/10/87	19.91 6 /1 /75
10 Other Industrial Materials (19)	1574.55	-0.2	7.64	5.21	15.57	0.69	1577.60	1582.56	1599.17	1315.50	1695.01 2 /9 /91	1147.76 16/1 /91	1881.53 18/8 /89	277.55 15/1 /81
21 CONSUMER GROUP (188)	1643.18	-0.6	7.02	3.35	17.52	1.80	1652.66	1660.57	1662.99	1273.01	1670.88 31/1 /92	1188.45 16/1 /91	1670.88 31/1 /92	61.41 13/12/74
22 Brewers and Distillers (23)	2048.58	-0.4	7.86	3.46	15.35	7.92	2055.93	2062.44	2076.90	1612.60	2099.97 31/1 /92	1478.24 25/1 /91	2099.97 31/1 /92	69.47 13/12/74
25 Food Manufacturing (18)	1251.34	-0.5	8.62	4.06	14.34	2.11	1257.99	1260.10	1264.51	1073.95	1264.51 4 /2 /92	1013.60 16/1 /91	1264.51 4 /2 /92	59.67 11/12/74
26 Food Retailing (17)	2500.29	-0.7	8.84	3.32	14.70	0.39	2517.50	2542.71	2550.30	2454.15	2854.91 2 /5 /91	2231.21 22/11/91	2854.91 2 /5 /91	54.25 11/12/74
27 Health and Household (24)	4453.79	-0.9	5.10	2.19	22.48	0.88	4494.76	4558.20	4542.40	2721.37	4654.94 14/1 /92	2454.93 16/1 /91	4654.94 14/1 /92	175.38 28/5 /80
29 Hotels and Leisure (23)	1260.78	-0.4	7.44	5.33	16.71	0.07	1266.28	1266.17	1264.30	1161.64	1405.62 2 /9 /91	1066.91 25/1 /91	1845.77 8 /9 /89	54.83 9 /1 /75
30 Media (24)	1476.54	-0.1	6.64	3.63	18.96	1.22	1477.77	1476.47	1489.23	1238.57	1565.67 20/9 /91	1166.91 16/1 /91	1565.67 20/9 /91	1166.91 16/1 /91
31 Packaging, Paper & Printing (17)	752.85	-0.4	7.03	4.41	17.24	0.22	756.05	757.33	757.74	535.17	788.41 9 /9 /91	486.96 16/1 /91	788.41 9 /9 /91	43.46 6 /1 /75
34 Stores (32)	1024.64	-0.5	7.21	3.52	18.38	0.23	1030.24	1023.25	1022.39	829.46	1042.47 8 /11/91	766.89 29/1 /91	1160.58 29/7 /87	52.63 6 /1 /75
35 Textiles (10)	617.39	.....	7.44	5.01	17.16	0.00	617.22	617.64	618.08	412.13	652.30 1 /11/91	396.58 28/1 /91	914.52 2 /10/87	62.66 11/12/74
40 OTHER GROUPS (116)	1207.92	-0.3	10.00	5.49	12.61	6.09	1212.13	1215.10	1219.34	1066.42	1330.48 2 /10/91	961.05 16/1 /91	1330.48 2 /10/91	58.63 6 /1 /75
41 Business Services (16)	1357.12	-0.4	7.39	4.83	17.21	0.00	1362.08	1380.94	1362.28	930.10	1451.74 16/1 /92	892.28 1 /2 /91	1451.74 16/1 /92	892.28 1 /2 /91
42 Chemicals (21)	1474.98	-0.8	6.84	4.96	18.06	0.44	1486.84	1489.53	1490.82	1136.18	1520.52 2 /9 /91	1004.01 16/1 /91	1545.46 5 /10/87	71.20 1 /12/74
43 Conglomerates (11)	1253.63	-0.9	11.57	8.08	10.52	3.11	1265.12	1275.90	1279.81	1382.77	1626.42 14/3 /91	1203.24 23/12/91	1819.46 11/8 /89	975.19 10/11/87
44 Transport (14)	2381.62	-0.8	5.38	4.74	24.47	2.46	2400.17	2402.22	2407.40	1856.39	2448.16 17/1 /92	1730.87 23/1 /91	2554.69 12/7 /89	90.80 29/6 /62
45 Electricity (16)	1202.98	+0.6	15.07	6.18	8.63	15.30	1195.76	1202.16	1222.31	1119.94	1286.51 2 /10/91	994.96 7 /1 /91	1286.51 2 /10/91	994.96 7 /1 /91
46 Telephone Networks (4)	1399.14	-0.2	11.22	4.48	11.64	15.96	1401.87	1394.78	1395.11	1212.73	1658.67 2 /10/91	1085.95 16/1 /91	1658.67 2 /10/91	517.92 30/11/84
47 Water (10)	2353.99	-0.3	18.12	6.75	6.08	0.00	2361.16	2377.98	2407.67	2440.25	2539.85 6 /9 /91	2134.83 16/1 /91	2539.85 6 /9 /91	1820.20 1 /5 /90
48 Miscellaneous (24)	1832.75	-0.2	5.59	5.33	24.45	0.95	1836.69	1844.63	1851.81	1684.34	2033.42 15/8 /91	1506.17 16/1 /91	2087.06 11/7 /89	60.39 6 /7 /75
49 INDUSTRIAL GROUP (482)	1286.24	-0.5	8.24	4.50	15.18	2.88	1292.61	1297.73	1301.16	1080.94	1326.09 6 /9 /91	991.97 16/1 /91	1326.09 6 /9 /91	59.01 13/12/74
51 Oil & Gas (18)	2092.54	-0.7	12.23	6.70	10.82	8.11	2108.27	2118.97	2141.02	2256.91	2509.42 23/7 /91	2092.54 7 /2 /92	2528.70 3 /8 /90	87.23 29/5 /62
59 500 SHARE INDEX (500)	1360.29	-0.5	8.67	4.74	14.54	3.28	1367.40	1372.98	1377.76	1178.97	1424.90 2 /9 /91	1092.04 16/1 /91	1424.90 2 /9 /91	63.49 13/12/74
61 FINANCIAL GROUP (87)	717.14	-0.7	-	6.48	-	0.13	722.51	726.18	728.50	753.87	859.94 15/3 /91	667.36 16/1 /91	896.67 13/10/87	55.88 13/12/74
62 Banks (9)	870.26	-0.7	4.41	6.10	46.13	0.00	876.06	878.40	875.43	834.50	990.15 6 /9 /91	695.08 15/1 /91	990.15 6 /9 /91	62.44 12/12/74
65 Insurance (Life) (6)	1386.63	-1.0	-	6.16	-	0.00	1400.34	1410.41	1417.97	1346.54	1632.53 4 /9 /91	1220.74 16/1 /91	1632.53 4 /9 /91	44.88 2 /1 /75
66 Insurance (Composite) (7)	498.35	-1.2	-	8.75	-	0.00	504.16	511.01	513.26	644.73	728.27 15/3 /91	462.25 23/12/91	768.11 29/12/89	43.96 13/12/74
67 Insurance (Brokers) (10)	978.61	-1.1	7.90	6.83	16.65	1.80	989.68	997.62	1008.55	1015.16	1202.38 5 /4 /91	932.88 23/1 /91	1399.56 17/7 /87	65.86 16/12/74
68 Merchant Banks (7)	473.23	-1.3	-	4.53	-	0.00	479.23	478.11	476.10	366.93	498.05 15/11/91	327.70 16/1 /91	547.59 12/10/87	31.21 7 /1 /75
69 Property (33)	765.71	-0.2	7.51	5.92	18.22	0.44	767.61	771.61	788.43	979.62	1087.65 15/3 /91	760.62 14/1 /92	1398.87 5 /9 /89	56.01 20/4 /65
70 Other Financial (14)	241.58	-0.1	8.24	7.40	16.03	0.00	241.89	241.86	241.37	247.54	298.63 15/3 /91	225.10 23/12/91	603.48 16/7 /87	33.29 17/12/74
71 Investment Trusts (68)	1178.88	-0.4	-	3.70	-	1.66	1183.66	1184.85	1183.41	1019.81	1261.80 6 /9 /91	947.19 16/1 /91	1323.81 4 /1 /90	71.12 13/12/74
99 ALL-SHARE INDEX (654)	1207.23	-0.5	-	4.92	-	2.56	1213.83	1218.83	1222.88	1072.83	1284.07 6 /9 /91	987.46 16/1 /91	1284.07 6 /9 /91	61.92 13/12/74

	Index No.	Day's Change	Day's High (a)	Day's Low (b)	Feb 6	Feb 5	Feb 4	Feb 3	Jan 31	Year ago	1991/92 High	1991/92 Low	Since Compilation High	Since Compilation Low
FT-SE 100 SHARE INDEX§	2517.2	-17.1	2533.5	2517.0	2534.3	2547.1	2556.8	2560.2	2571.2	2245.2	2679.6 2 /9 /91	2054.8 16/1 /91	2679.6 2 /9 /91	986.9 23/7 /84

FIXED INTEREST

PRICE INDICES	Fri Feb 7	Day's change %	Thu Feb 6	Accrued interest	xd adj. 1992 to date
British Government					
1 Up to 5 years (26)	122.29	+0.10	122.34	1.97	1.25
2 5-15 years (26)	136.83	....	136.83	1.99	1.97
3 Over 15 years (8)	147.96	-0.18	148.23	2.58	0.36
4 Irredeemables (6)	164.63	+0.20	164.30	2.84	0.00
5 All stocks (66)	134.78	+0.02	134.82	2.08	1.57
Index-Linked					
6 Up to 5 years (2)	169.51	+0.25	169.09	1.32	0.00
7 Over 5 years (9)	149.97	+0.21	149.66	0.64	0.63
8 All stocks (11)	151.52	+0.21	151.20	0.73	0.54
9 Debs & Loans (62)	118.82	+0.06	118.75	3.04	0.40

AVERAGE GROSS REDEMPTION YIELDS		Fri Feb 7	Thu Feb 6	Year ago (approx.)	1991/92 High	1991/92 Low
British Government						
1 Low	5 years	8.70	8.68	9.49	10.14 16/1 /91	8.42 12/11/91
2 Coupons	15 years	9.15	9.14	9.61	10.24 2 /1 /91	9.12 5 /2 /92
3 (0%-7¾%)	20 years	9.15	9.14	9.70	10.26 2 /1 /91	9.12 5 /2 /92
4 Medium	5 years	9.46	9.46	10.25	11.15 2 /1 /91	9.46 7 /2 /92
5 Coupons	15 years	9.25	9.22	9.96	10.62 2 /1 /91	9.20 5 /2 /92
6 (8%-10¾%)	20 years	9.20	9.17	9.86	10.50 2 /1 /91	9.15 5 /2 /92
7 High	5 years	9.69	9.70	10.40	11.25 2 /1 /91	9.69 7 /2 /92
8 Coupons	15 years	9.33	9.31	10.11	10.80 2 /1 /91	9.29 5 /2 /92
9 (11%-)	20 years	9.25	9.23	9.97	10.67 2 /1 /91	9.21 5 /2 /92
10 Irredeemables	†	9.33	9.34	9.94	10.46 2 /1 /91	9.32 5 /2 /92
Index-Linked						
11 Inflation rate 5%	Up to 5yrs.	3.87	3.92	3.87	4.48 15/7 /91	3.59 18/1 /91
12 Inflation rate 5%	Over 5 yrs.	4.28	4.29	4.21	4.45 31/12/91	4.09 18/2 /91
13 Inflation rate 10%	Up to 5 yrs.	3.24	3.28	2.54	3.60 9 /7 /91	2.13 21/2 /91
14 Inflation rate 10%	Over 5 yrs.	4.10	4.11	4.03	4.27 31/12/91	3.90 12/4 /91
15 Debs &	5 years	10.89	10.89	12.41	12.63 9 /1 /91	10.89 6 /2 /92
16 Loans	15 years	10.66	10.66	12.11	12.38 18/1 /91	10.66 7 /2 /92
17	25 years	10.50	10.50	11.84	12.16 18/1 /91	10.49 5 /2 /92

§Opening index 2530.2; 9 am 2531.8; 10 am 2521.7; 11 am 2524.3; Noon 2524.9; 1 pm 2523.5; 2 pm 2520.9; 2.30 pm 2519.0; 3 pm 2521.5; 4.10 pm 2518.2; (a) 9.21am (b) 4.23pm

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
Business Services	31/12/90	999.65	Telephone Networks	30/11/84	517.92	Food Manufacturing	29/12/67	114.13
Electricity	31/12/90	999.65	Electronics	30/12/83	1646.65	Food Retailing	29/12/67	114.13
Media	31/12/90	1228.68	Other Industrial Materials	31/12/80	287.41	Insurance Brokers	29/12/67	96.67
Engineering - Aerospace	29/12/89	486.00	Health/Household Products	30/12/77	261.77	All Other	10/4/62	100.00
Engineering - General	29/12/89	486.00	Other Groups	31/12/74	63.75	British Government	31/12/75	100.00
Water	29/12/89	1968.45	Industrial Group	31/12/70	128.20	Do. Index-linked	30/4/82	100.00
Conglomerates	31/12/86	1114.07	Other Financial	31/12/70	128.06	Debs & Loans	31/12/77	100.00

† Flat yield. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL. The FT-ACTUARIES SHARE INDICES SERVICE covers a range of electronic and paper-based products relating to these indices. Tel: 071-702 0991. CONSTITUENT CHANGES: ADDITIONS: Abbott Mead Vickers (30), Alumasc Group (48), Pendragon (9); DELETIONS: NSM (3), Richmond Oil & Gas (51), Rosehaugh (69), Cityvision (29).

LONDON TRADED OPTIONS

Option		Calls Apr	Calls Jul	Calls Oct	Puts Apr	Puts Jul	Puts Oct
Allid Lyons (*619)	600	46	57½	75½	14	27½	33½
	650	22	34½	50½	37½	52½	57½
ASDA (*39)	34	7	-	-	2¼	-	-
	40	-	7	8½	-	7½	9½
Brit. Airways (*221)	200	27½	31½	-	4¼	9	-
	220	14½	18½	25½	11	15½	19½
SmKl Beecham A (*953)	950	47½	75½	98½	34½	46½	55½
	1000	23½	48½	75½	61½	72½	81½
Boots (*439)	420	33	40	51	7	13½	17
	460	11½	17½	28½	25	32½	36½
B.P. (*275)	260	20	24	28½	5½	9¼	12
	280	9	14	18	14	19	21½
British Steel (*74)	70	6¼	9¼	10	2¾	4¼	6½
	80	2½	4½	7¼	8	10	12
Bass (*520)	500	36	44½	-	8	12½	-
	525	20	30½	44½	15½	24½	27
C & Wire (*580)	550	51½	63½	78½	9½	18	22½
	600	22	35½	51	30½	39½	45½
Courtaulds (*515)	500	37	48	61½	10½	22	27
	550	12½	24	37	36½	47	52½
Com. Union (*456)	420	38½	45½	-	8½	12½	-
	460	11½	24	29½	28½	32½	38½
Fisons (*377)	360	32½	45½	58	12½	19½	24
	390	16	30	43	27	34	48
GKN (*315)	300	21	26	30	13	16½	21½
	330	6½	13½	17½	32	34	40
Grand Met. (*920)	900	55½	82½	92½	17½	26½	36½
	950	29	54½	72½	41	50	60
I.C.I. (*1252)	1250	41½	71½	90½	58½	70½	81½
	1300	18½	51½	70½	93½	103	111
Kingfisher (*516)	500	36½	45½	56½	10¼	21½	26½
	550	11½	22½	32½	39½	49½	53½
Ladbroke (*207)	200	16½	20½	25½	9½	13½	16½
	220	7¼	11¼	16½	21½	23½	28½
Land Secur (*460)	460	21	26½	34½	13½	25	27½
	500	6	18½	18	41½	50½	53½
M & S (*304)	300	17½	23½	32½	8¼	13½	15½
	330	5½	9½	18½	25½	29	30
Sainsbury (*371)	360	24	30	39½	6½	12½	15½
	390	8½	15	24	21	28	30
Shell Trans. (*472)	460	20½	32½	39½	15½	18½	23½
	500	5¼	15½	20½	44½	45½	48½
Storehouse (*107)	100	11½	14½	17½	4	6½	8½
	110	7	9½	12½	8½	11½	12½
Trafalgar (*141)	140	13½	16½	22½	9½	15½	18½
	160	5	10	14½	22	29	30½
Utd. Biscuits (*397)	390	18	27½	36½	14½	19	22
	420	5½	14½	23	34½	37½	39½
Unilever (*915)	900	42½	63½	85½	23½	32½	37
	950	18½	37	60½	52	58½	63½
Ultramar (*268)	260	17½	27½	-	14	-	-
	280	9	-	-	25½	-	-

Option		Calls Feb	Calls May	Calls Aug	Puts Feb	Puts May	Puts Aug
Brit Aero (*287)	280	13	24	33	6½	30	36
	300	5	15	26	18	44½	48
BAA (*570)	550	23½	48	57	3	15½	22
	600	2	23	33	30	39	45
BAT Inds (*652)	650	13	34	44½	8½	27½	41½
	700	2	16	25½	47½	61½	71½
BTR (*409)	390	20	29	37	1½	12½	15½
	420	3¼	14½	22	14½	27	29½
Brit. Telecom (*336)	330	8¼	23½	31	3½	9	15
	360	¼	9¼	16	24	26¼	30
Cadbury Sch (*450)	420	31½	43	57½	1¼	13	17
	460	7	22	36½	13	32	34½
Eastern Elec (*237)	230	8½	19½	-	2¼	9	-
	240	-	-	19½	-	-	20½
Guinness (*568)	550	21	37½	51½	3¼	16½	21
	600	2	14½	27	34½	43½	47½
GEC (*204)	200	6	15¼	18¼	2½	5½	10
	220	½	5¼	8¼	16	17	21
Hanson (*199)	180	20	26½	28	½	2¼	3¼
	200	3½	12	15¼	4¼	7¼	10¼
LASMO (*231)	220	13½	20	25	2	11¾	15½
	240	3½	11½	17½	11	22½	26½
Lucas Inds (*114)	110	6	11½	14½	2½	6	8
	120	1½	6½	10	7	11½	13½
P. & O. (*420)	420	8	22½	30½	8	30	33½
	460	¼	8	16½	39½	58½	58½
Pilkington (*124)	120	6	14½	16	2½	7½	12
	130	2½	10	11½	7	13½	16½
Prudential (*224)	220	8	13½	18½	2¾	10½	13½
	240	1	6	10½	16½	23½	25½
Racal (*51)	47½	3½	-	-	3	-	-
	51½	1½	-	-	2	-	-
R.T.Z. (*516)	500	22½	34½	47½	3	20½	25½
	550	1	13	22½	33½	49½	54½
Scot. & New (*430)	420	14	32½	40½	4	13½	20
	460	1¼	13½	20	31½	34½	41½
Tesco (*242)	240	6	14½	20	3	9½	13½
	260	½	6	12	17½	22	24
Thames Water (*363)	360	-	28	32	-	15½	24
	370	4½	-	-	-	9½	-
Vodafone (*350)	330	24	38½	43	½	8	13
	360	4	21	27	12½	21	26½

Option		Calls Mar	Calls Jun	Calls Sep	Puts Mar	Puts Jun	Puts Sep
Abbey Nat. (*292)	280	17½	23½	27	6	9	12½
	300	6	13½	17	16½	19	22½
Amstrad (*26)	25	3½	5½	6½	2½	4	5¼
	30	2	3¼	5	5½	7	8
Barclays (*378)	360	23	28½	34½	8½	13½	20½
	390	7	14½	20	27½	31½	36½
Blue Circle (*251)	240	17	23	28	7	13½	18
	260	7½	13½	19½	14½	24	28
British Gas (*240)	240	9	14	19	5½	12	14
	260	2½	6½	11	21	25½	26½
Dixons (*238)	220	21½	33	35½	3½	8	11½
	240	9½	20½	23½	10½	15½	21½
Eurotunnel (*465)	460	31½	56½	73	20	36½	43½
	500	14½	38½	56½	43½	57½	68
Glaxo (*817)	800	45½	81	100	23	42	53½
	850	22	53½	78½	53½	68½	82½
Hawker Sidd. (*788)	750	42½	47½	-	1	12½	-
	800	13	21½	-	-	-	-
Hillsdown (*162)	160	11	15	18	7	13	15
	177	3½	-	-	16	-	-
Lonrho (*119)	110	13½	21	24	4½	9½	12½
	120	8	15½	19	9	14½	18
Midland Bk (*232)	220	17	29	34½	7	12½	15½
	240	8¼	19	24	15	21	25½
National Power (*220)	215	11½	20½	24½	5½	9	13½
	235	5¼	10½	14½	16½	20½	23½
Reuters (*1090)	1050	63	102	127	25½	43½	56½
	1100	33½	75	99	45½	68½	80
R. Royce (*144)	140	8¼	11¼	15	7¼	10¼	12
	160	¼	4¼	7¼	21½	22½	23½
Scottish Power (*100)	100	4¼	8¼	10	4½	7	10
	110	1¼	4¼	5¼	10½	12¼	17
Sears (*103)	100	6	9½	11½	3¼	7¼	9
	110	2	5	-	8½	12½	-
Forte (*219)	200	21½	26½	30	2¼	7	9½
	220	8½	14½	18	6½	14½	17½
Thorn EMI (*830)	800	46½	72	78	8	17½	29½
	850	16	41½	49½	27½	38½	53½
TSB (*129)	120	8	12½	14	3	5	7½
	130	3¼	8½	9½	8	10	13½
Vaal Reefs (*$63)	60	6½	8½	9½	2¼	4¼	5½
	70	2	4½	5	8	8½	10½
Wellcome (*1120)	1100	65½	110	143	30½	58½	73½
	1150	40½	85½	118	55½	80½	96½

EURO FT-SE INDEX (*2518)

	2325	2375	2425	2475	2525	2575	2625	2675
CALLS								
Feb	202	155	109	67½	35½	16	6	2
Mar	226	183	143	106	73½	48	30½	18
Apr	249	-	171	-	108	-	60½	-
Jun	279	-	206	-	143	-	93½	-
Sep	325	-	255	-	190	-	132	-
Dec	347	-	277	-	217	-	165	-
PUTS								
Feb	3½	5	7½	17	35	63½	100	145
Mar	10	16½	24½	38½	57½	80½	110	140
Apr	25½	-	43½	-	76½	-	129	-
Jun	34	-	59½	-	93½	-	141	-
Sep	51	-	68	-	101	-	142	-
Dec	60	-	85	-	120	-	167	-

FT-SE EUROTRACK 100 INDEX (*1137)

	1025	1050	1075	1100	1125	1150	1175	1200
CALLS								
Mar	-	110	87	63	42	25	12½	5
Jun	159	139	117	98½	-	-	-	-
PUTS								
Mar	-	2	3½	6½	9½	19	30	47
Jun	4½	6½	10	12½	-	-	-	-

FT-SE INDEX (*2518)

	2350	2400	2450	2500	2550	2600	2650	2700
CALLS								
Feb	186	139	94½	57	27½	11½	3½	1½
Mar	208	165	126	91½	61½	39½	23½	13
Apr	231	190	155	122	94½	71	50½	35½
May	249	211	177	145	115	90½	69½	52½
Jun	-	220	-	153	-	101	-	61½
Dec†	-	320	-	255	-	195	-	140
PUTS								
Feb	3½	7	13½	26½	50½	87½	135	185
Mar	14	22	32½	47½	69½	101	140	184
Apr	28½	38	52	69½	91½	119	153	192
May	38½	51	64	83	104	130	162	197
Jun	-	54½	-	87½	-	136	-	203
Dec†	-	90	-	122	-	165	-	210

February 7 Total Contracts 29,858
Calls 15,162 Puts 14,696
FT-SE Index Calls 3,049 Puts 3,553
Euro FT-SE Calls 129 Puts 50
Eurotrack 100 Index Calls 0 Puts 0
*Underlying security price. † Long dated expiry months
Premiums shown are based on middle prices.

TRADITIONAL OPTION 3-month call rates

INDUSTRIALS	p	Charter Cons.	40	Ladbroke	17	Sears	7½	**OILS**	
Allied-Lyons	55	Comm Union	38	Legal & Gen	31	SmKl Bchm A	78	Aviva Pet	1¼
Amstrad	3	Courtaulds	39	Lex Service	18	TI	48	BP	22
Astec (BSR)	3	Eurotunnel	39	Lloyds Bank	31	TSB	10½	Burmah Castrol	40
BAT Inds	50	FKI	5½	Lonrho	20	Tesco	17	Conroy Pet	7½
BOC	48	FNFC	12	Lucas Inds	9	Thorn EMI	65	Gaelic Res	½
BTR	32	Forte	19	Marks Spencer	22	T & N	11	Premier Cons	3
Barclays	31	GKN	25	Midland Bank	19	Unilever	70	Shell	37
Blue Circle	22	Gen Accident	38	NatWest Bank	24	Vickers	14	Tuskar Res	1
Boots	33	GEC	15	P & O Dfd	34	Wellcome	75	**MINES**	
Bowater	55	Glaxo	70	Racal Elect	4½	**PROPERTY**		RTZ	39
Brit Aerospace	27	Grand Met	78	RHM	18	Brit Land	21		
British Steel	6	GRE	11	Rank Org	45	Land Sec.	38		
Brit Telecom	24	Hanson	16	Ratners	5	MEPC	31		
Cadburys	33	ICI	90	Reed Intl	40	Mountleigh	2½		

INTERNATIONAL COMPANIES AND FINANCE

Berlusconi's rescue plan for La Cinq under fire

By Alice Rawsthorn in Paris

A LEADING figure in France's broadcasting establishment has criticised the attempt by Mr Silvio Berlusconi, the controversial Italian entrepreneur, to take over La Cinq, the ailing French TV station.

Mr Patrick Le Lay, president of TF1, France's biggest single TV channel, yesterday condemned the Berlusconi rescue bid as "amoral".

One reason for his criticism was what he claimed were overly long repayment periods for La Cinq's creditors.

He was also critical of Mr Berlusconi's plans to provide programming for the French station on the grounds that the Italian businessman would be using his influence at La Cinq to make profits from selling his own programmes to it.

TF1, together with two other French channels, Canal Plus and M6, has produced proposals for a French-language news service to replace La Cinq. If the Berlusconi bid fails, La Cinq would go off air and this service would be one of the contenders to take its place.

Silvio Berlusconi: Takeover condemned as 'amoral'

However, the views of the French broadcasting establishment will play a part in determining the success, or failure, of Mr Berlusconi's rescue proposals which need the approval of the Paris commercial court and of the Conseil Supérieur de l'Audiovisuel, the body that regulates French broadcasting, to be implemented.

Mr Berlusconi submitted his bid, which involves a FFr1.5bn ($279m) recapitalisation for La Cinq, of which he is one of the largest shareholders with a 25 per cent stake, to Mr Hubert Lafont, the station's administrator on Monday. His was the only one of the three rescue plans that Mr Lafont deemed suitable for further consideration.

If his bid is accepted, Mr Berlusconi is committed to reinvesting in La Cinq to maintain his holding at 25 per cent, the maximum allowed under French law.

Two US airlines register improvement

By Nikki Tait in New York

TWO leading US airlines yesterday reported improved figures for both the fourth quarter of 1991 and the latest 12-month period, although they both remained heavily in the red for 1991 overall.

Northwest Airlines, the fourth largest carrier in which KLM Royal Dutch Airlines holds a stake, saw the after-tax loss in the fourth quarter shrink from $121.4m a year ago, to $79.2m. This was scored on operating revenues up by 3.7 per cent at $1.89bn, and a pre-tax loss which fell from $188.6m to $122.3m.

The passenger yield, however, fell from 12.80 cents to 11.97, and comparisons with the fourth quarter of 1990 are muddied by the impact which higher fuel prices – in the wake of the Kuwait invasion – were having on airline profits worldwide. For 1991 overall, Northwest made a net loss of $3.1m compared with a $10.4m deficit a year earlier.

Northwest's parent company, the privately held NWA, lost $316.9m during the year, compared with $301.2m in 1990. The slightly worse figure at the parent company level reflects lease and interest costs and results from non-airline subsidiaries.

At Continental Airlines, the fifth biggest carrier, there was a small fourth-quarter profit of $10.2m against a net deficit of $1.3bn a year earlier. For the year overall, the airline made net losses of $340.9m, against a $1.2bn deficit in 1990. Its parent company, Continental Airlines Holdings, reported a net profit of $4.41m in the fourth quarter and a $305.7m deficit for the year.

The company has been in bankruptcy since late-1990, but filed a reorganisation plan earlier this week. It claimed yesterday that results for the last month of the year had been better than in any December since 1986 and that the "positive trend which we are seeing is encouraging".

Daiei bids for 42% of Chujitsuya

By Steven Butler in Tokyo

DAIEI, Japan's largest supermarket chain, yesterday launched a friendly, partial takeover bid for Chujitsuya, a Japanese retailer active in the Tokyo area.

If it goes through the deal will leave Daiei in control of nearly 20 per cent of Japan's supermarket trade.

The offer, which is for up to 42 per cent of Chujitsuya's shares, at Y2,700 a share, could signal the end of a complex series of financial and share deals that will help Daiei pursue its goal of expanding operations in Tokyo.

The bid was signalled in early December, when Shuwa, the property and retailing company, defaulted on loans to Daiei worth Y110bn ($750m). Daiei had been holding a 33.9 per cent stake in Chujitsuya as collateral for the loans.

At that time, Chujitsuya said it had given up efforts to stay independent and would co-operate in a takeover by Daiei. A formal offer for the shares, however, is required under stock exchange rules.

Under the terms of the offer, Daiei must receive acceptances for at least 35 per cent of the Chujitsuya's shares, worth Y85bn, or the offer will lapse. It said it would purchase up to 38m shares, or just over 42 per cent of the company.

Chujitsuya's shares were suspended yesterday, but finished with an asking price of Y2,530 on Thursday.

Daiei is making 53.21 per cent of the offer itself, while the balance of the offer is being placed through Maruetsu, a Daiei-controlled retailer in Tokyo.

Daiei said that Chujitsuya would continue to operate as an independent company and retain its separate stock market listing. However, a range of measures would be taken to integrate the management and operations of the two groups.

Daiei established itself as a leading retailer in western Japan, but was hindered in its expansion into Tokyo because of high land prices. But the steep fall in property prices, pushed the heavily indebted Shuwa to the edge, creating an opportunity for Daiei.

Honeywell wins Minolta case

By Martin Dickson in New York

HONEYWELL, the US controls manufacturer, has been awarded $96m by a US jury for alleged violation of its autofocus camera patents by Minolta, the Japanese camera maker.

The case, which had been dragging through the courts since 1987, had been portrayed by Honeywell as an important test case for American high technology industry, which the US government reckons could be losing up to $60bn a year through international piracy of its ideas.

Yesterday's award by a jury in a New Jersey federal court was substantially smaller than Honeywell wanted, although it never put a precise figure on its claim. The jury also decided against applying triple damages, on the grounds that any infringement of the patent was not wilful.

Minolta denied Honeywell's claims throughout.

The US company said it was delighted at the court's ruling and would immediately seek an injunction banning the sale in the US of Minolta cameras using the Honeywell technology. The aim would be to secure payment of the award and encourage Minolta to reach a licensing agreement.

It would also put pressure for a settlement on 15 other Japanese companies with which it is in dispute over the autofocus technology.

Minolta said it was gratified that the jury had rejected Honeywell's claims of wilful patent infringement and was reviewing its options where he court had found for Honeywell.

The case stems from the invention by Honeywell in the 1960s and 1970s of autofocusing technology for single lens reflex cameras.

Honeywell signed "advance disclosure agreements" with Japanese companies in the late 1970s, giving them information which would allow them to incorporate the technology in their cameras.

The US company claimed that the Minolta engineers involved in this set up a secret parallel programme to develop a substitute and thus avoid royalty payments.

However, Minolta argued in court that Honeywell's patents were not valid and the unit at the heart of the contract claim was technically flawed.

Japanese brokers downgraded

By Steven Butler

MOODY'S Investor Service yesterday downgraded the long-term debt rating of Japan's four biggest securities houses, Nomura, Daiwa, Nikko and Yamaichi in response to what it sees as rising pressure on the profits of the four companies.

The downgrading reflects the US ratings agency's view that the operating environment for the securities industry will become more difficult as regulatory change gathers pace.

Moody's said that the financial scandals of last year were likely to accelerate the pace of financial deregulation, which could increase competition and reduce profits.

In the case of Nomura, Moody's noted, it could be called upon to assist affiliates in the brokerage, venture capital, and property business. Daiwa, it said, would have difficulty reducing the recent increase in its fixed cost base in spite of the troubles of the industry, and that while financial deregulation would bring opportunities, these would be costly to exploit.

Nikko and Yamaichi faced similar difficulties. Yamaichi, it said, was expected to make strategic and structural changes which could result in charges to earnings. It was heavily dependent on wholesale business which would be subject to increased competition, while its retail business would expand only slowly.

Moody's none the less noted that all four companies had adequate liquidity and a sound capital base. All four companies were expected to retain their strong positions in the local market and continue to be active internationally.

Reflecting the pressure on the securities industry, the Securities Dealers Association of Japan said that employment in the securities industry had fallen by 2,000 in the past year, to 156,500. Employment in the industry had expanded rapidly from 110,000 in late 1986.

Eurocom to raise FFr660m

EUROCOM, the French advertising agency which last summer became a leading player in European marketing services by buying RSCG, one of its chief competitors, has launched a FFr660m ($122m) convertible bond issue to finance the acquisition, writes Alice Rawsthron.

The merger between Eurocom, which is controlled by Havas, the powerful French media group, and RSCG has been clouded by controversy. The two agencies, now called EURO RSCG, have for years fought fiercely in the French advertising market. Their merger was followed by a stream of senior staff departures and account losses.

For Eurocom, the acquisition of RSCG – which is best known in France for the involvement of Mr Jacques Seguela, one of its founders, in President François Mitterand's publicity campaigns – forms part of its international expansion.

This reflects the trend for the large French agencies, including Publicis and Boulet Dru Dupuy Petit, as well as Eurocom, to expand their interests outside France in the face of intense competition from the powerful US, UK and Japanese marketing services groups.

Eurocom's largest shareholders, Havas and Parthéna Investissement, part of the Suez industrial and financial group, have agreed to participate in the refinancing, as has Banque Nationale de Paris, the state-owned bank which is one of the biggest investors in RSCG.

Eurocom, which has long dominated the French marketing scene, expects to have made net profits of FFr182m in 1991, a slight decrease of 5.7 per cent on the previous year. Eurocom said the fall in profits was due to the slowdown at Aegis, the London-based European media buying group in which it is an investor.

Meanwhile, RSCG, which has been burdened by the debt incurred in its acquisitions during the 1980s, made an estimated net loss of FFr56m before provisions and extraordinary items last year, and an overall loss of around FFr280m.

Spie losses depress Schneider

By Alice Rawsthorn

SCHNEIDER, the French electrical equipment group, yesterday announced the resignation of Mr Georges de Buffevent, chairman of Spie-Batignolle, its troubled building subsidiary, after disclosing that Spie's losses had triggered a sharp fall in group net profits to around FFr300m ($55.5m) in 1991 from FFr950m in 1990.

Spie, in common with other building companies, has suffered from France's economic slowdown. It blamed its fall into net losses of FFr950m last year – from net profits of FFr251m in 1990 – on the sluggish state of the construction market and the postponment of a number of industrial orders.

The 1991 performance also reflects the cost of a FFr150m restructuring programme which Spie began in the second quarter of 1991, but will continue throughout this year. Moreover, the company was hit by unspecified losses from Transmanche Link, a consortium of contractors working on the Channel Tunnel.

Spie yesterday said Mr de Buffevent had resigned because of disagreements over strategy. He has been succeeded by Mr Claude Coppin, managing director.

Despite Spie's problems the Schneider group, which last summer won a bitter $2.23bn hostile takeover bid for Square D, a US competitor, increased its overall turnover by 13 per cent to more than FFr58bn in 1991. This includes a seven-month contribution from Square D.

The Schneider board has decided to freeze its dividend for 1991. It expressed confidence about group prospects for 1992 given the "resilience" of its industrial interests.

Schering's earnings climb 6%

By Leslie Colitt in Berlin

SCHERING, the Berlin-based pharmaceuticals and chemicals company, increased earnings in 1991 by more than 6 per cent to DM274m ($182.6m). Sales increased by 10 per cent to DM6.3bn.

The sales gains were largely due to strong pharmaceuticals, with sales up 15 per cent. Diagnostic aids and oral contraceptives continued to be the mainstays.

Schering's diagnostics sector accounted for 40 per cent of the pharmaceuticals business.

An 8 per cent rise in agrichemicals was well above the sector's average, Schering said.

Apple Computer explores strategic link with Sharp

By Louise Kehoe in San Francisco

APPLE COMPUTER is in talks with Sharp, the Japanese electronics manufacture, in connection with its recently announced plans to enter the consumer electronics market with a range of "personal digital assistant" products, including electronic organisers.

Sharp is a leading supplier of hand-held electronic organisers, devices that store phone numbers, an appointments diary and personal notes.

Apple will say only that Sharp is one of several consumer electronics companies with which the personal computer manufacturer is exploring potential relationships. According to reports in the US, however, the companies are on the verge of concluding a broad strategic alliance.

The talks between Apple and Sharp coincide with Sharp's manufacturing agreement with Intel, the leading US semiconductor company, covering the manufacture of memory chips by Sharp for sale by both Intel and Sharp. Sharp may also manufacture products on behalf of Apple Computer, industry analysts predict.

According to US reports, Sharp will manufacture a personal organiser product designed by Apple. The relationship would be similar to that between Apple and Sony in which the Japanese company manufactures Apple's low-end notebook computer.

General Dynamic in further job cuts

GENERAL DYNAMIC'S electric boat division may cut as many as 4,000 jobs in response to government plans to cancel the Seawolf nuclear submarine programme, writes Karen Zagor in New York.

Mr Roger Tetrault, general manager of the division, said 2,200 employees would be laid off by June 12, in addition to 300 previously announced job losses. The programme's cancellation may force the division to reduce its 21,500 workforce by as much as 18.6 per cent by the end of the year.

Molson ahead after nine months

HIGHER BEER sales in the US and a cleaning-services acquisition helped Molson, the diversified Canadian brewer, lift net earnings to C$110.4m (US$94.3m) in the nine months to December 31, from C$105.5m a year earlier, writes Bernard Simon in Toronto.

Per share earnings dropped from C$1.99 to C$1.97 as a result of a share split last July. Sales rose to C$2.25bn from C$1.98bn. Interest expenses jumped to C$43.2m from C$19.7m.

Molson Breweries, a joint venture with Foster's Brewing of Australia, raised operating earnings by 22 per cent to C$136.3m. The figures exclude the company's return on preferred shares and the amortisation of a deferred gain arising from the 1989 brewing merger.

The company is the second biggest supplier of imported beer to the US, with a market share last year of 17 per cent. Molson Breweries' share of the Canadian market was steady at 52 per cent, but volume for the industry as a whole declined by 1.7 per cent in the nine months.

Operating earnings of Diversey Corporation, Molson's cleaning-services unit, jumped by 39 per cent to C$50m.

WORLD COMMODITIES PRICES

WEEKLY PRICE CHANGES	Latest prices	Change on week	Year ago	High 1991/92	Low 1991/92
Gold per troy oz.	$356.40	+1.0	$370.25	$403.25	$345.25
Silver Per troy oz	231.13p	-0.57	192.95p	280.55p	183.35p
Aluminium 99.7% (cash)	$1249.5	+28	$1501.5	$1570	$1082.5
Copper Grade A (cash)	£1190.0	-30.5	£1214.5	£1472	£1147.0
Lead(cash)	£279.0	-4.5	£298.5	£382.5	£279.00
Nickel (cash)	$7895	+230	$8565	$9237.5	$7090.0
Zinc SHG (cash)	$1141	-18.0	$1177.5	$1430	$990.25
Tin (cash)	$5570	+87.5	$5572.5	$5915	$5425.0
Cocoa Futures (May)	£708	-48	£635	£829	£596
Coffee Futures (Mar)	£472	-33	£531	£619	£472
Sugar (LDP Raw)	$199.3	-5.3	$217.0	$293	$194
Barley Futures (May)	£120.40	-1.75	£116.55	£122.95	£107.75
Wheat Futures (Mar)	£126.50	-0.7	£127.00	£141.10	£111.80
Cotton Outlook A Index	57.10	+0.15	84.75c	86.25c	56.95c
Wool (64s Super)	421p*	+10	401p	421p	329p
Oil (Brent Blend)	$18.125x	nc	$19.95	$29.15	$16.75

Per tonne unless otherwise stated †Unquoted. p-pence/kg. c-cents lb. x-Mar

London Markets

SPOT MARKETS		
Crude oil (per barrel FOB)		+ or -
Dubai	$15.70-5.80	+.225
Brent Blend (dated)	$18.55-8.65	+.05
Brent Blend (Mar)	$18.50-8.60	+.075
W T I. (1 pm est)	$19.50-9.60	+.025
Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$210-212	
Gas Oil	$177-179	+3
Heavy Fuel Oil	$65-66	
Naphtha	$189-191	+3
Petroleum Argus Estimates.		
Other		+ or -
Gold (per troy oz)♣	$356.40	+1.00
Silver (per troy oz)♣	424.0c	+2.50
Platinum (per troy oz)	$369.0	+3.75
Palladium (per troy oz)	$86.15	+0.35
Copper (US Producer)	102.53c	+0.07
Lead (US Producer)	37c	
Tin (Kuala Lumpur market)	14.10r	-0.05
Tin (New York)	257.0 c	+2.5
Zinc (US Prime Western)	62c	
Cattle (live weight)†	106.28p	-2.11
Sheep (live weight)†♠	102.70p	-0.53
Pigs (live weight)†	65.20p	-0.63
London daily sugar (raw)	$199.3y	+0.2
London daily sugar (white)	266.70y	-0.30
Tate and Lyle export price	£216.0	
Barley (English feed)	£123z	
Maize (US No. 3 yellow)	£148.5	
Wheat (US Dark Northern)	Unq.	
Rubber (Mar)♥	49.75p	-0.5
Rubber (Apr)♥	50.00p	-0.5
Rubber (KL RSS No 1 Feb)	215.0m	+0.5
Coconut oil (Philippines)§	$745.0y	+5.0
Palm Oil (Malaysian)§	$382.5q	-2.5
Copra (Philippines)§	$487.5y	-10.0
Soyabeans (US)	£146.5z	
Cotton "A" index	57.10c	-0.05
Wooltops (64s Super)	421p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. q-Mar t-Jan/Feb u-Jan/Mar v-Mar/Apr y-Feb/Mar z-Feb. †Meat Commission average fatstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg ♠Sheep prices are now live weight prices.

SUGAR – London FOX ($ per tonne)			
Raw	**Close**	**Previous**	**High/Low**
Mar	180.00	180.80	181.40 179.60
May	180.40	180.80	181.20 179.60
Aug	184.40	185.60	185.40 185.00
Sep	185.40		187.00 185.20
White	**Close**	**Previous**	**High/Low**
Mar	262.0	263.5	263.5 260.9
May	267.0	267.0	267.4 266.0
Aug	271.0	271.0	271.0 270.2
Oct	261.0	261.0	261.0 260.0

Turnover: Raw 515 (154) lots of 50 tonnes. White 1879 (1600)
Paris- White (FFr per tonne): Mar 1391.75, May 1433.74

CRUDE OIL – IPE $/barrel	Latest	Previous	High/Low
Mar	18.65	18.41	186.7 183.8
Apr	18.56	18.31	185.7 183.0
May	18.52	18.22	185.2 182.4
Jun	18.44	18.18	184.4 182.0
Jul	18.39	18.18	183.9 182.2
Sep	18.20		182.0
Oct	18.20		182.0
IPE Index	18.50	18.39	185.0

Turnover 12580 (17904)

GAS OIL – IPE $/tonne	Close	Previous	High/Low
Feb	175.75	172.00	175.75 171.50
Mar	172.75	170.75	173.00 170.00
Apr	169.50	168.25	170.00 167.50
May	168.50	166.50	167.50 166.50
Jun	168.25	168.00	169.00 167.50
Jul	169.75	169.00	169.75 169.00
Aug	171.75	170.75	171.75 170.50
Sep	173.25	172.75	173.25
Oct	175.25	174.50	175.25 173.50

Turnover 14681 (14059) lots of 100 tonnes

SPICES
China does not have much ginger available for export because of bad weather at the end of last year, reports Man-producten. Cochin ginger available for shipment between US$975 and $1,000 a tonne cif Europe; Nigerian split ginger $975 spot. Nutmegs/mace: Indonesian unchanged. Industrial demand picking up. Cassia: Indonesian no change. Madagascar cinnamon spot $1,200, Seychellen cinnamom spot $1,300. Madagascar cloves around $1,400 for Feb/Mar shipment, spot cloves scarce. Mexican pimento spot $2,450, shipment quote $2,250.

COCOA – London FOX £/tonne	Close	Previous	High/Low
Mar	678	684	685 677
May	708	713	715 706
Jul	734	740	741 733
Sep	758	764	764 756
Dec	790	795	798 788
Mar	820	824	825 820
May	839	841	842 840
Jul	858	861	864 858
Sep	875	878	879 874
Dec	902	903	905

Turnover: 6221 (8326) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Feb.6 857.11 (865.16) 10 day average for Feb.7 893.77 (896.59)

COFFEE – London FOX $/tonne	Close	Previous	High/Low
Mar	860	877	875 856
May	886	898	897 880
Jul	911	918	917 905
Sep	932	936	939 925
Nov	952	954	955 950

Turnover:4204 (4989) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Feb. 6 : Comp. daily 58.19 (56.76) 15 day average 59.03 (59.43)
Sterling close: ,March £472

POTATOES – London FOX £/tonne	Close	Previous	High/Low
Apr	121.0	119.0	120.9 119.5
May	140.0	137.4	139.7 138.0
Apr	135.0		135.0

Turnover 65 (37) lots of 20 tonnes.

SOYAMEAL – London FOX £/tonne	Close	Previous	High/Low
Apr	125.50	128.00	127.00 125.50
Jun	119.00	121.00	119.00
Aug	120.00		121.50 120.00

Turnover 200 (55) lots of 20 tonnes.

FREIGHT – London FOX $10/index point	Close	Previous	High/Low
Feb	1370	1392	1375 1370
Mar	1463	1467	1460 1455
Apr	1485	1490	1485 1478
Jul	1263	1270	1260 1255
BFI	1365	1372	1365 1365

Turnover 170 (343)

GRAINS – London FOX £/tonne			
Wheat	**Close**	**Previous**	**High/Low**
Mar	126.50	128.25	128.50 125.80
May	129.95	129.70	129.90 129.50
Jun	131.75	131.65	131.60 131.45
Sep	111.30	111.35	111.25
Nov	114.25		114.25
Barley	**Close**	**Previous**	**High/Low**
Mar	117.25	116.75	117.25 116.90

Turnover: Wheat 135 (242), Barley 5 (182).
Turnover lots of 100 Tonnes.

PIGS – London FOX (Cash Settlement) p/kg	Close	Previous	High/Low
Feb	123.2	123.0	123.2 123.0
Mar	120.0	120.0	119.8 119.5
Apr	117.5	117.0	117.0 116.5
May	116.0	116.0	115.8 115.5
Jun	114.5	114.0	114.0

Turnover:138 (58) lots of 3,250 kg

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open Interest
Aluminium, 99.7% purity ($ per tonne)				Total daily turnover 139,026 lots		
Cash	1249-50	1222-23	1245	1245-6.5		
3 months	1273-4	1246-7	1277/1258	1268.5-9	1273.5-74	29,211 lots
Copper, Grade A (£ per tonne)				Total daily turnover 120,456 lots		
Cash	1189-91	1198-9		1193-4		
3 months	1212-3	1223-3.5	1220/1211	1218-9	1211-12	18,061 lots
Lead (£ per tonne)				Total daily turnover 16,284 lots		
Cash	278.5-9.5	280-1		280.50-80.75		
3 months	290-90.5	291-1.25	292/290	292-2.6	290.5-90.75	1,346 lots
Nickel ($ per tonne)				Total daily turnover 21,812 lots		
Cash	7890-900	7620-30		7710-13		
3 months	7945-50	7700-5	7970/7730	7760-80	7910-20	4,723 lots
Tin ($ per tonne)				Total daily turnover 5,080 lots		
Cash	5565-75	5510-20	5605	5600-5		
3 months	5600-10	5555-65	5656/5570	5635-40	5580-90	1,568 lots
Zinc, Special High Grade ($ per tonne)				Total daily turnover 43,230 lots		
Cash	1140-42	1139-41	1141	1139-40		
3 months	1144-45	1142-43	1148/1145	1145-5.5	1144-46	9,664 lots

LME Closing £/$ rate: SPOT: 1.8360 3 months: 1.8112 6 months: 1.7926 9 months: 1.7814

LONDON BULLION MARKET (Prices supplied by N M Rothschild)

Gold (fine oz)	$ price	£ equivalent
Close	356.20-356.60	
Opening	355.80-356.00	
Morning fix	356.40	195.828
Afternoon fix	356.20	194.092
Day's high	356.30-356.60	
Day's low	355.10-355.40	

Loco Ldn Mean Gold Lending Rates (Vs US$)

1 month	3.25	6 months	3.20
2 months	3.20	12 months	3.15
3 months	3.20		

Silver fix	p/fine oz	US cts equiv
Spot	230.60	419.50
3 months	236.45	423.50
6 months	242.20	427.65
12 months	253.50	437.20

GOLD COINS (Prices supplied by Engelhard Metals)

	$ price	£ equivalent
Krugerrand	356.25-357.25	194.00-194.50
Maple leaf	367.00-368.00	200.00-200.50
New Sovereign	87.00-88.00	47.50-48.00

TRADED OPTIONS

Aluminium (99.7%) Strike price $ tonne	Calls Mar	Calls Jun	Puts Mar	Puts Jun
1150	112	142	2	12
1250	34	73	23	41
1350	4	31	93	96
Copper (Grade A)	**Calls**		**Puts**	
2100	94	116	3	24
2200	24	57	33	63
2300	2	23	111	127
Coffee	**Mar**		**Mar**	
400	72			
450	24		2	
500	1		29	
Cocoa	**Mar**	**May**	**Mar**	**May**
675	14	47	11	14
700	5	32	27	24
725	1	22	48	39
Brent Crude	**Mar**	**Apr**	**Mar**	**Apr**
1700				15
1750				24
1800		55	4	41

New York

GOLD 100 troy oz.; $/troy oz.	Close	Previous	High/Low	
Feb	355.0	355.7	358.2	355.4
Mar	355.6	358.4	0	0
Apr	356.5	357.4	359.0	356.2
Jun	358.4	359.4	360.5	358.4
Aug	360.4	361.5	362.3	361.0
Oct	362.3	363.5	363.6	363.6
Dec	364.3	365.6	366.2	365.5
Feb	366.5	367.8	0	0
Apr	358.5	357.4	369.0	368.2

PLATINUM 50 troy oz; $/troy oz.	Close	Previous	High/Low	
Feb	366.0	368.0	0	0
Apr	366.0	368.0	370.5	366.5
Jul	365.7	367.5	370.0	366.0
Oct	367.7	369.5	373.5	369.0
Jan	367.6	369.3	371.0	369.0

SILVER 5,000 troy oz; cents/troy oz.	Close	Previous	High/Low	
Feb	418.2	420.8	0	0
Mar	419.2	421.8	428.5	415.0
Apr	420.6	423.2	0	0
May	422.2	424.8	429.0	419.0
Jul	425.2	427.9	432.0	422.0
Sep	428.6	431.2	432.0	431.0
Dec	434.0	436.8	438.5	432.0
Jan	435.6	438.5	0	0
Mar	439.7	442.7	440.0	438.5

HIGH GRADE COPPER 25,000 lbs; cents/lbs	Close	Previous	High/Low	
Feb	98.58	98.35	99.10	98.40
Mar	98.45	98.15	98.95	98.30
Apr	98.20	97.95	98.20	98.00
May	98.00	97.80	98.90	97.90
Jun	98.00	97.80	0	0
Jul	97.95	97.75	98.50	97.95
Aug	97.95	97.75	0	0
Sep	97.95	97.75	98.45	97.90

CRUDE OIL (Light) 42,000 US galls $/barrel	Latest	Previous	High/Low	
Mar	19.68	19.50	19.69	19.50
Apr	19.78	19.62	19.78	19.60
May	19.79	19.65	19.80	19.64
Jun	19.79	19.64	19.79	19.64
Jul	19.73	19.60	19.74	19.58
Sep	19.57	19.62	19.57	19.53
Oct	19.55	19.50	19.56	19.50
Nov	19.55	19.48	19.55	19.50
Dec	19.55	19.48	19.56	19.50

HEATING OIL 42,000 US galls, cents/US galls	Latest	Previous	High/Low	
Mar	5810	5625	5815	5530
Apr	5535	5479	5540	5480
Jun	5365	5360	5385	5370
Aug	5443	5420	5435	5430
Oct	5660	5640	5665	0
Nov	5760	5735	5760	5755
Dec	5840	5825	5850	5850

COCOA 10 tonnes;$/tonnes	Close	Previous	High/Low	
Mar	1117	1121	1137	1100
May	1151	1159	1175	1136
Jul	1190	1198	1213	1172
Sep	1225	1230	1244	1215
Dec	1262	1274	1283	1262
Mar	1300	1305	1317	1285
May	1324	1329	0	1338
Jul	1348	1349	0	0
Sep	1378	1379	1375	1375
Dec	1413	1414	0	0

COFFEE "C" 37,500lbs; cents/lbs	Close	Previous	High/Low	
Mar	69.65	69.85	69.90	68.70
May	72.45	72.70	72.85	71.80
Jul	75.10	75.36	75.60	74.50
Sep	78.00	78.15	78.45	77.30
Dec	81.75	82.25	82.25	81.00
Mar	85.75	85.75	0	0
May	89.15	89.00	0	0
Jul	92.00	92.00	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs	Close	Previous	High/Low	
Mar	8.18	8.17	8.23	8.12
May	8.20	8.24	8.29	8.19
Jul	8.31	8.35	8.40	8.30
Oct	8.41	8.46	8.48	8.37
Mar	8.59	8.61	8.67	8.65
May	8.64	8.68	0	0
Jul	8.71	8.75	0	0

COTTON 50,000; cents/lbs	Close	Previous	High/Low	
Mar	54.54	57.36	54.59	53.72
May	56.43	60.13	56.49	55.62
Jul	57.56	61.08	57.36	57.00
Oct	60.23	62.37	60.30	59.80
Dec	60.93	63.00	60.95	60.65
Mar	62.27	63.50	62.25	62.20

ORANGE JUICE 15,000 lbs; cents/lbs	Close	Previous	High/Low	
Mar	140.00	139.65	140.25	138.00
May	138.79	138.40	0	137.05
Jul	137.10	139.15	0	136.65
Sep	134.00	135.75	136.25	134.00
Nov	128.50	129.75	0	128.50
Mar	128.50	129.75	0	0
May	128.50	129.75	0	0
Jul	128.50	129.75	0	0

INDICES

REUTERS (Base: September 18 1931 = 100)	Feb.7	Feb 6	mnth ago	yr ago
	1572.7	1568.5	1595.5	1657.6
DOW JONES (Base: Dec. 31 1974 = 100)	**Feb.6**	**Feb.5**	**mnth ago**	**yr ago**
Spot	117.36	117.57	113.95	121.87
Futures	122.58	122.30	120.63	126.02

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel	Close	Previous	High/Low	
Mar	570/4	573/2	573/4	569/6
May	576/4	578/6	579/0	575/0
Jul	584/0	586/6	587/2	583/2
Aug	586/4	590/4	590/0	586/4
Sep	589/0	592/4	592/4	589/0
Nov	597/6	599/4	600/4	597/2
Jan	606/4	608/4	608/2	606/4
Mar	616/0	618/4	616/0	615/4

SOYABEAN OIL 60,000 lbs; cents/lb	Close	Previous	High/Low	
Mar	18.93	19.00	19.06	18.88
May	19.24	19.32	19.36	19.18
Jul	19.55	19.61	19.64	19.46
Aug	19.71	19.77	19.82	19.66
Sep	19.87	19.86	19.96	19.80
Oct	19.95	19.97	20.10	19.93
Dec	20.28	20.30	20.36	20.20
Jan	20.35	20.40	0	0

SOYABEAN MEAL 100 tons; $/ton	Close	Previous	High/Low	
Mar	175.4	176.8	176.1	174.3
May	176.4	177.4	177.2	175.5
Jul	178.2	179.2	179.1	177.4
Aug	179.2	180.1	179.5	178.8
Sep	179.9	180.8	181.5	179.9
Oct	193.7	194.2	194.0	193.3
Dec	195.5	195.8	196.0	194.8
Mar	196.0	197.0	0	0

MAIZE 5,000 bu min; cents/56lb bushel	Close	Previous	High/Low	
Mar	264/6	265/4	265/6	264/2
May	272/0	272/2	272/6	271/0
Jul	276/6	277/2	277/6	276/0
Sep	274/0	273/2	274/4	273/0
Dec	271/4	270/6	271/6	270/0
Mar	277/2	276/4	277/4	275/6
May	281/0	280/4	281/0	280/0

WHEAT 5,000 bu min; cents/60lb-bushel	Close	Previous	High/Low	
Mar	452/4	449/6	454/0	449/4
May	441/0	435/0	441/0	436/0
Jul	413/0	408/4	414/0	408/4
Sep	416/4	410/0	416/4	409/0
Dec	424/4	418/0	425/0	417/0
Mar	424/4	418/0	424/4	417/4

LIVE CATTLE 40,000 lbs; cents/lbs	Close	Previous	High/Low	
Feb	78.20	77.90	78.25	77.77
Apr	77.55	77.67	77.75	77.32
Jun	72.40	72.85	72.85	72.30
Aug	68.35	68.62	68.65	68.30
Oct	68.55	68.67	68.85	68.45
Dec	69.10	69.15	69.25	69.00
Feb	68.62	68.55	68.85	0

LIVE HOGS 40,000 lb; cents/lbs	Close	Previous	High/Low	
Feb	42.02	41.72	0	0
Apr	42.50	42.15	42.55	41.85
Jun	46.47	46.27	46.67	46.22
Jul	46.67	46.80	0	46.55
Aug	45.15	44.32	45.25	44.70
Oct	42.00	42.00	0	41.70
Dec	44.62	44.62	0	0
Feb	45.60	45.55	45.60	45.25

PORK BELLIES 40,000 lbs; cents/lb	Close	Previous	High/Low	
Feb	37.87	36.92	0	36.80
Mar	38.27	37.42	0	36.96
May	39.40	38.62	0	38.17
Jul	40.37	39.60	0	39.10
Aug	38.95	38.25	0	38.30

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar tumbles on job figures

THE dollar fell two pfennigs as exceptionally bad US jobs data finally closed the door on any hopes of a US economic recovery in the near future, *writes Peggy Hollinger.*

The statistics showed that non-farm payrolls had fallen by 91,000 in January. Although the range of forecasts had been unusually wide, the average expectation had been for a rise in non-farm payrolls of about 40,000.

"No matter which way you slice them, they are still weak," said HongKong Bank economist Dr Mark Austin. "The dollar could be moving back to the levels at which it started the year." That could be as low as DM1.50, he added.

Mr Michael Feeny, senior dealer with Sumitomo Bank, said the figures became grimmer, the closer they were examined. "The average working week went down," he said. "That means factories were cutting back [jobs] and working less."

The dollar fell against most currencies, with the D-Mark winning the most support. The US currency broke through strong support at DM1.57 with apparently no trouble after the announcement. In London, the dollar closed at DM1.5595, down from the previous day's close of DM1.5795. Against the yen, it fell from Y125.70 to Y125.20 and weakened against sterling from $1.8165 to $1.8380.

Speculation surrounded the next rate move in the US, with many traders arguing that the case for a short-term cut had been strengthened by the figures. However, some disagreed that a cut would actually happen. "I think Mr Greenspan (chairman of the Federal Reserve) knew how bad the figures were going to be," said Mr Feeny. "The Fed is now in a watch and wait mode."

Nevertheless, the market was betting heavily on a cut in the Fed funds rate of 4 per cent some time next week.

The Canadian dollar, which has been weakening in recent weeks, took a heavy blow from the declining dollar, falling as low as C$1.1767. However, aggressive intervention from the Bank of Canada pushed the currency up to C$1.1852.

While the market was coming down with a bump over the US economy, the D-Mark was enjoying a late – albeit modest – lift within the exchange rate mechanism.

Bundesbank President Mr Helmut Schlesinger's comments that the 6.4 per cent pay settlement with steelworkers would be disastrous if used as a benchmark gave virtually unnecessary support to the D-Mark.

Against the pound, the D-Mark firmed from DM2.8700 to DM2.8675. Sterling remains firmly at the bottom of the grid, although it took some comfort from the weakened peseta. The Spanish currency closed at 63.00/02 per D-Mark, compared with the previous close of 62.99.

£ IN NEW YORK

Feb.7	Latest	Previous Close
£ Spot	1.8340-1.8350	1.8202-1.8175
1 month	0.94-0.93pm	0.94-0.93pm
3 months	2.81-2.80pm	2.86-2.84pm
12 months	9.45-9.40pm	9.57-9.50pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	Feb.7	Previous
8.30 am	91.2	91.3
9.00 am	91.2	91.3
10.00 am	91.2	91.3
11.00 am	91.2	91.2
Noon	91.2	91.2
1.00 pm	91.2	91.2
2.00 pm	91.4	91.2
3.00 pm	91.4	91.2
4.00 pm	91.4	91.2

CURRENCY MOVEMENTS

Feb 7	Bank of England Index	Morgan** Guaranty Changes %
Sterling	91.4	-20.4
U.S Dollar	61.9	-16.5
Canadian Dollar	100.6	-1.1
Austrian Schilling	110.4	+12.3
Belgian Franc	112.1	-1.6
Danish Krone	109.5	+3.4
D-Mark	119.4	+25.5
Swiss Franc	108.7	+16.9
Dutch Guilder	115.2	+16.7
French Franc	103.8	-12.6
Lira	99.4	-19.6
Yen	143.4	+79.4

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base Average 1985=100). **Rates are for Feb.6

CURRENCY RATES

Feb 7	Bank ‡ rate %	Special * Drawing Rights	European † Currency Unit
Sterling	-	0.774477	0.711497
U.S Dollar	3.50	1.40978	1.29315
Canadian $	7.29	1.66157	1.52850
Austrian Sch	7.50	15.6373	14.3694
Belgian Franc	8.50	45.7967	42.0595
Danish Krone	9.50	8.63362	7.92181
D-Mark	8.00	2.22210	2.04226
Dutch Guilder	8.50	2.50165	2.29882
French Franc	10¼	7.57651	6.96035
Italian Lira	12	1673.19	1538.00
Japanese Yen	4.50	176.786	162.548
Norway Krone	8	8.72837	8.01685
Spanish Peseta	-	139.987	128.621
Swedish Krona	10.00	8.08227	7.42071
Swiss Franc	7.00	1.98356	1.82204
Greek Drach	19	257.138	236.335
Irish Punt	-	0.833056	0.765718

‡ Bank rate refers to central bank discount rates. These are not quoted by the UK, Spain and Ireland. † European Commission Calculations. * All SDR rates are for Feb.6

OTHER CURRENCIES

Feb 7	£	$
Argentina	1.8175 - 1.8200	0.9900 - 0.9910
Australia	2.4415 - 2.4435	1.3265 - 1.3270
Brazil	2525.55 - 2527.30	1375.80 - 1376.00
Finland	7.7995 - 7.8220	4.2630 - 4.2660
Greece	329.300 - 334.550	181.400 - 184.300
Hong Kong	14.2170 - 14.2490	7.7540 - 7.7560
Iran	2536.00*	1420.00*
Korea(Sth)	1379.00 - 1401.25	759.30 - 768.30
Kuwait	0.53530 - 0.53750	0.29180 - 0.29280
Luxembourg	59.15 - 59.25	32.15 - 32.25
Malaysia	4.7595 - 4.7715	2.5980 - 2.6020
Mexico	5564.00 - 5576.25	3063.50 - 3064.50
N.Zealand	3.3755 - 3.3800	1.8400 - 1.8425
Saudi Ar	6.7740 - 6.8305	3.7495 - 3.7505
Singapore	2.9645 - 2.9720	1.6200 - 1.6220
S.Af (Cm)	5.0815 - 5.1025	2.7700 - 2.7730
S.Af (Fn)	6.3155 - 6.4255	3.4425 - 3.5025
Taiwan	45.75 - 45.85	24.95 - 25.00
U.A.E.	6.6325 - 6.7095	3.6715 - 3.6735

*Floating rate. Iran Official rate:£117.25 $65.45

FORWARD RATES AGAINST STERLING

	Spot	1 mth	3 mths	6 mths	12 mths
US Dollar	1.8380	1.8285	1.8093	1.7831	1.7402
D-mark	2.8675	2.8656	2.8622	2.8583	2.8472
French Fr.	9.7725	9.7420	9.6930	9.6625	9.4100
Swiss Fr.	2.5575	2.5512	2.5388	2.5212	2.4894
Yen	230.00	229.09	227.09	224.22	218.84

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu Central Rates	Currency Amounts Against Ecu Feb 7	% Change from Central Rate	% Spread vs Weakest Currency	Divergence Indicator
Spanish Peseta	133.631	128.621	-3.75	6.07	65
Belgian Franc	42.4032	42.0595	-0.81	2.93	38
Dutch Guilder	2.31643	2.29882	-0.76	2.88	36
D-Mark	2.05586	2.04226	-0.66	2.77	41
Irish Punt	0.767417	0.765718	-0.22	2.32	9
Italian Lira	1538.24	1538.00	-0.02	2.11	0
French Franc	6.89509	6.96035	0.95	1.14	-53
Danish Krone	7.84195	7.92181	1.02	1.06	-47
Sterling	0.696904	0.711497	2.09	0.00	-41

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate. Adjustment calculated by Financial Times.

POUND SPOT - FORWARD AGAINST THE POUND

Feb 7	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.8145 - 1.8395	1.8375 - 1.8385	0.96-0.94cpm	6.20	2.89-2.86pm	6.26
Canada	2.1435 - 2.1675	2.1605 - 2.1615	0.61-0.55cpm	3.22	1.82-1.76pm	3.31
Netherlands	3.2225 - 3.2355	3.2225 - 3.2325	¼-⅛cpm	0.93	⅝-⅜pm	0.70
Belgium	58.90 - 59.30	59.15 - 59.25	8-3cpm	1.11	13-8pm	0.71
Denmark	11.1070 - 11.1505	11.1200 - 11.1300	⅝-¼orepm	0.47	1⅛-⅜pm	0.34
Ireland	1.0755 - 1.0795	1.0740 - 1.0750	0.03pm-0.02pdis	0.11	0.06pm-0.05dis	0.06
Germany	2.8650 - 2.8745	2.8650 - 2.8700	¼-⅛pfpm	0.78	⅝-⅜pm	0.70
Portugal	246.45 - 248.40	246.80 - 247.80	88-109cdis	-4.78	244-282dis	-4.25
Spain	180.25 - 181.40	180.30 - 180.60	25-40cdis	-2.16	95-114dis	-2.32
Italy	2156.20 - 2165.55	2159.25 - 2160.25	2-3liredis	-1.39	7-9dis	-1.48
Norway	11.2310 - 11.2850	11.2675 - 11.2775	⅛-¼oredis	-0.20	¼-⅝dis	-0.20
France	9.7630 - 9.8020	9.7675 - 9.7775	½-¼cpm	0.46	1-⅝pm	0.33
Sweden	10.4050 - 10.4525	10.4150 - 10.4250	1⅛-1⅞oredis	-1.73	4⅝-5¼dis	-1.90
Japan	227.75 - 230.50	229.50 - 230.50	1-¾ypm	4.89	3-2¾pm	5.11
Austria	20.13 - 20.23	20.13 - 20.16	1⅞-⅛gropm	0.78	4⅞-2⅞pm	0.71
Switzerland	2.5525 - 2.5640	2.5525 - 2.5625	⅝-½cpm	2.95	1⅞-1¾pm	2.85
Ecu	1.4020 - 1.4090	1.4045 - 1.4055	0.04pm-0.01cdis	0.13	0.08-0.02pm	0.14

Commercial rates taken towards the end of London trading. Six-month forward dollar 5.52-5.47cpm . 12 Month 9.83-9.73pm

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

Feb 7	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.8145 - 1.8395	1.8375 - 1.8385	0.96-0.94cpm	6.20	2.89-2.86pm	6.26
Ireland†	1.6850 - 1.7065	1.7040 - 1.7050	0.91-0.86cpm	6.23	2.70-2.60pm	6.22
Canada	1.1760 - 1.1855	1.1785 - 1.1795	0.28-0.31cdis	-3.00	0.86-0.91dis	-3.00
Netherlands	1.7530 - 1.7830	1.7555 - 1.7565	0.80-0.83cdis	-5.57	2.47-2.51dis	-5.67
Belgium	32.10 - 32.60	32.15 - 32.25	13.00-15.00cdis	-5.22	42.00-47.00dis	-5.53
Denmark	6.0450 - 6.1380	6.0500 - 6.0550	2.70-3.10oredis	-5.75	8.65-9.45dis	-5.98
Germany	1.5575 - 1.5840	1.5590 - 1.5600	0.71-0.72pfdis	-5.50	2.18-2.20dis	-5.62
Portugal	134.85 - 136.40	134.85 - 134.95	105-115cdis	-9.79	325-350dis	-10.01
Spain	98.20 - 99.65	98.40 - 98.50	68-71cdis	-8.47	210-217dis	-8.67
Italy	1173.00 - 1191.00	1174.75 - 1175.25	7.40-7.90liredis	-7.81	22.90-23.90dis	-7.97
Norway	6.1225 - 6.2125	6.1300 - 6.1350	3.05-3.45oredis	-6.36	9.65-10.30dis	-6.51
France	5.3075 - 5.3935	5.3150 - 5.3200	2.58-2.63cdis	-5.88	7.92-8.02dis	-6.00
Sweden	5.6620 - 5.7545	5.6675 - 5.6725	3.65-4.00oredis	-8.10	11.45-12.00dis	-8.27
Japan	124.65 - 125.85	125.15 - 125.25	0.15-0.16ydis	-1.49	0.37-0.39dis	-1.21
Austria	10.9900 - 11.1325	10.9900 - 10.9950	4.80-5.20grodis	-5.46	14.70-15.90dis	-5.57
Switzerland	1.3900 - 1.4115	1.3915 - 1.3925	0.37-0.39cdis	-3.28	1.17-1.19dis	-3.39
Ecu†	1.2890 - 1.3095	1.3060 - 1.3070	0.68-0.65cpm	6.11	2.03-1.97pm	6.12

Commercial rates taken towards the end of London trading. † UK, Ireland and ECU are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency.

EURO-CURRENCY INTEREST RATES

Feb 7	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
Sterling	10⅝ - 10⅜	10⅝ - 10½	10⅝ - 10½	10⅝ - 10½	10⅝ - 10½	10⅜ - 10¼
US Dollar	4⅛ - 3⅞	4⅛ - 3⅞	4 - 3⅞	4 - 3⅞	4⅛ - 3⅞	4⅝ - 4½
Can. Dollar	7 - 6⅞	7 - 6⅞	7⅛ - 6⅞	7⅛ - 6⅞	6⅞ - 6⅝	7⅜ - 7¼
Dutch Guilder	9⅞ - 9¾	9⅞ - 9¾	9⅞ - 9¾	9⅞ - 9¾	9⅞ - 9¾	9⅞ - 9¾
Swiss Franc	7¼ - 7	7¼ - 7	7½ - 7⅜	7½ - 7⅜	7⅜ - 7¼	7¼ - 7⅛
D-Mark	9½ - 9⅜	9⅝ - 9½	9⅝ - 9½	9¾ - 9⅝	9⅞ - 9¾	9⅞ - 9¾
French Franc	10 - 9⅞	10 - 9⅞	10 - 9⅞	10⅛ - 9⅞	9⅞ - 9¾	9⅞ - 9¾
Italian Lira	12 - 10	12¼ - 11¾	12 - 11½	12 - 11½	12 - 11¾	12 - 11½
Belgian Franc	9⅞ - 9¾	9⅝ - 9½	9⅝ - 9½	9⅝ - 9½	9½ - 9⅜	9¼ - 9⅛
Yen	5⅞ - 5¾	5⅝ - 5½	5¾ - 5⅝	5⅝ - 5½	5 - 4⅞	4⅞ - 4¾
Danish Krone	10 - 9⅞	10 - 9¾	10⅛ - 10	10⅛ - 10	10⅛ - 10	10 - 9⅞
Asian $Sing	3¼ - 3⅛	3⅛ - 2⅞	3⅜ - 3¼	3⅜ - 3¼	3½ - 3⅜	3⅝ - 3½

Long term Eurodollars: two years 5⅜-5¼ per cent; three years 6⅛-5⅞ per cent; four years 6½-6⅜ per cent; five years 6¾-6⅝ per cent nominal. Short term rates are call for US Dollars and Japanese Yen; others, two days' notice.

EXCHANGE CROSS RATES

Feb.7	£	$	DM	Yen	F Fr.	S Fr.	N Fl.	Lira	C$	B Fr.	Ecu
£	1	1.838	2.868	230.0	9.773	2.558	3.228	2160	2.161	59.20	1.405
$	0.544	1	1.560	125.1	5.317	1.392	1.756	1175	1.176	32.21	0.764
DM	0.349	0.641	1	80.20	3.408	0.892	1.126	753.1	0.753	20.64	0.490
YEN	4.348	7.991	12.47	1000.	42.49	11.12	14.03	9391	9.396	257.4	6.109
F Fr.	1.023	1.881	2.935	235.3	10.	2.617	3.303	2210	2.211	60.58	1.438
S Fr.	0.391	0.719	1.121	89.91	3.821	1	1.262	844.4	0.845	23.14	0.549
N Fl.	0.310	0.569	0.888	71.25	3.028	0.792	1	669.1	0.669	18.34	0.435
Lira	0.463	0.851	1.328	106.5	4.525	1.184	1.494	1000.	1.000	27.41	0.650
C $	0.463	0.851	1.327	106.4	4.522	1.184	1.494	999.5	1	27.39	0.650
B Fr.	1.689	3.105	4.845	388.5	16.51	4.321	5.453	3649	3.650	100.	2.373
Ecu	0.712	1.308	2.041	163.7	6.956	1.821	2.298	1537	1.538	42.14	1

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

FINANCIAL FUTURES AND OPTIONS

LIFFE LONG GILT FUTURES OPTIONS
£50,000 64ths of 100%

Strike Price	Calls-settlements Mar	Calls-settlements Jun	Puts-settlements Mar	Puts-settlements Jun
94	3-37	4-18	0-01	0-30
95	2-38	3-30	0-02	0-42
96	1-40	2-49	0-04	0-61
97	0-51	2-08	0-15	1-20
98	0-17	1-39	0-45	1-51
99	0-05	1-12	1-33	2-24
100	0-02	0-56	2-30	3-04
101	0	0-40	3-28	3-52

Estimated volume total, Calls 4414 Puts 3941
Previous day's open int. Calls 41036 Puts 28394

LIFFE US TREASURY BOND FUTURES OPTIONS
$100,000 64ths of 100%

Strike Price	Calls-settlements Mar	Calls-settlements Jun	Puts-settlements Mar	Puts-settlements Jun
98	4-00	3-44	0-02	0-56
99	3-04	3-00	0-06	1-12
100	2-11	2-25	0-13	1-37
101	1-25	1-56	0-27	2-04
102	0-51	1-28	0-53	2-40
103	0-25	1-05	1-27	3-17
104	0-12	0-51	2-14	3-63
105	0-05	0-37	3-07	4-49

Estimated volume total, Calls 160 Puts 227
Previous day's open int. Calls 3043 Puts 2769

LIFFE BUND FUTURES OPTIONS
DM250,000 points of 100%

Strike Price	Calls-settlements Mar	Calls-settlements Jun	Puts-settlements Mar	Puts-settlements Jun
8650	1.67	2.41	0.01	0.15
8700	1.18	1.99	0.02	0.23
8750	0.72	1.59	0.06	0.33
8800	0.35	1.24	0.19	0.48
8850	0.13	0.94	0.47	0.68
8900	0.04	0.69	0.88	0.93
8950	0.01	0.49	1.35	1.23
9000	0	0.35	1.84	1.59

Estimated volume total, Calls 8116 Puts 2565
Previous day's open int. Calls 160875 Puts 94345

LIFFE EUROMARK OPTIONS
DM1m points of 100%

Strike Price	Calls-settlements Mar	Calls-settlements Jun	Puts-settlements Mar	Puts-settlements Jun
8950	0.99	1.40	0	0
8975	0.74	1.15	0	0
9000	0.50	0.91	0.01	0.01
9025	0.26	0.68	0.02	0.03
9050	0.07	0.47	0.08	0.07
9075	0.02	0.28	0.28	0.13
9100	0.01	0.15	0.52	0.25
9125	0	0.08	0.76	0.43

Estimated volume total, Calls 3126 Puts 2984
Previous day's open int. Calls 73831 Puts 38894

LIFFE ITALIAN GOVT. BOND (BTP) FUTURES OPTIONS
Lira 200m 100ths of 100%

Strike Price	Calls-settlements Mar	Calls-settlements Jun	Puts-settlements Mar	Puts-settlements Jun
9700	1.57	1.88	0	0.23
9750	1.08	1.48	0.01	0.33
9800	0.63	1.15	0.06	0.50
9850	0.29	0.85	0.22	0.70
9900	0.09	0.63	0.52	0.98
9950	0.03	0.46	0.96	1.31
10000	0.01	0.33	1.44	1.68
10050	0	0.23	1.93	2.08

Estimated volume total, Calls 227 Puts 570
Previous day's open int. Calls 5231 Puts 2814

LIFFE SHORT STERLING OPTIONS
£500,000 points of 100%

Strike Price	Calls-settlements Mar	Calls-settlements Jun	Puts-settlements Mar	Puts-settlements Jun
8875	0.93	1.32	0	0.04
8900	0.69	1.09	0.01	0.06
8925	0.45	0.88	0.02	0.10
8950	0.25	0.68	0.07	0.15
8975	0.10	0.50	0.17	0.22
9000	0.04	0.35	0.36	0.32
9025	0.02	0.24	0.59	0.46
9050	0	0.15	0.82	0.62

Estimated volume total, Calls 4491 Puts 4345
Previous day's open int. Calls 109268 Puts 58431

LONDON (LIFFE)

20-YEAR 9% NOTIONAL GILT *
£50,000 32nds of 100%

	Close	High	Low	Prev.
Mar	97-18	98-00	97-12	97-28
Jun	97-26	98-04	98-04	98-03

Estimated volume 25178 (27237)
Previous day's open int. 61408 (61146)

US TREASURY BONDS 8% *
$100,000 32nds of 100%

	Close	High	Low	Prev.
Mar	101-31	102-07	101-10	101-20
Jun	100-26			100-15

Estimated volume 2348 (2627)
Previous day's open int. 4327 (4381)

6% NOTIONAL GERMAN GOVT. BOND *
DM250,000 100ths of 100%

	Close	High	Low	Prev.
Mar	88.16	88.26	87.98	88.01
Jun	88.76	88.87	88.60	88.62

Estimated volume 61213 (50611)
Previous day's open int. 115299 (113510)

6% NOTIONAL LONG TERM JAPANESE GOVT. BOND Y100m 100ths of 100%

	Close	High	Low
Mar	102.46	102.49	102.18
Jun	102.35	102.39	102.04

Estimated volume 1905 (987)
Traded exclusively on APT

9% NOTIONAL ECU BOND
ECU 200,000 100ths of 100%

	Close	High	Low	Prev.
Mar	102.72	102.78	102.74	102.72
N				
A				

Estimated volume 105 (195)
Previous day's open int. 396 (347)

12% NOTIONAL ITALIAN GOVT. BOND (BTP) *
LIRA 200m 100ths of 100%

	Close	High	Low	Prev.
Mar	98.57	98.67	98.46	98.45
Jun	98.65	98.70	98.60	98.56

Estimated volume 8950 (9182)
Previous day's open int. 20977 (21139)

THREE MONTH STERLING *
£500,000 points of 100%

	Close	High	Low	Prev.
Mar	89.68	89.73	89.66	89.67
Jun	90.03	90.07	90.00	90.01
Sep	90.34	90.38	90.33	90.33
Dec	90.53	90.56	90.52	90.52
Mar	90.68	90.69	90.66	90.67
Jun	90.70	90.72	90.68	90.69

Est. Vol. (inc. figs. not shown) 30187 (40547)
Previous day's open int. 206309 (202465)

THREE MONTH EURODOLLAR *
$1m points of 100%

	Close	High	Low	Prev.
Mar	95.99	96.01	95.85	95.90
Jun	95.84	95.85	95.65	95.71
Sep	95.54	95.57	95.32	95.37
Dec	94.89	94.69	94.66	94.74

Est. Vol. (inc. figs. not shown) 3438 (4211)
Previous day's open int. 41804 (41396)

THREE MONTH EUROMARK *
DM 1m points of 100%

	Close	High	Low	Prev.
Mar	90.49	90.53	90.47	90.48
Jun	90.90	90.93	90.86	90.87
Sep	91.29	91.32	91.24	91.25
Dec	91.59	91.62	91.54	91.55
Mar	91.94	91.99	91.93	91.92
Jun	92.10	92.15	92.10	92.11

Estimated volume 39545 (37336)
Previous day's open int. 228186 (227711)

THREE MONTH ECU
ECU 1m points of 100%

	Close	High	Low	Prev.
Mar	89.73	89.75	89.70	89.70
Jun	90.22	90.25	90.19	90.20
Sep	90.78	90.78	90.68	90.70
Dec	91.20	91.20	91.16	91.15

Estimated volume 1327 (991)
Previous day's open int. 8046 (7849)

THREE MONTH EURO SWISS FRANC
SFR 1m points of 100%

	Close	High	Low	Prev.
Mar	92.63	92.66	92.61	92.59
Jun	92.85	92.90	92.84	92.82
Sep	93.15	93.19	93.12	93.11
Dec	93.38	93.38	93.29	93.27

Estimated volume 5008 (5556)
Previous day's open int. 29833 (30377)

FT-SE 100 INDEX *
£25 per full index point

	Close	High	Low	Prev.
Mar	2545.0	2562.0	2528.0	2567.0
Jun	2580.5	2595.0	2580.0	2602.0
Sep	2611.0			2633.0

Estimated volume 7783 (8290)
Previous day's open int. 40310 (39906)

FT-SE EUROTRACK 100 INDEX
DM50 per full index point

	Close	High	Low	Prev.
Mar	1152.0			1152.0
Jun				

Estimated volume 0 (0)
Previous day's open int. 137 (137)

* Contracts traded on APT. Closing prices shown.

CHICAGO

U.S. TREASURY BONDS (CBT) 8%
$100,000 32nds of 100%

	Latest	High	Low	Prev.
Mar	102-02	102-07	101-05	101-10
Jun	100-30	101-03	100-02	100-06
Sep	99-29	100-01	99-02	99-05
Dec	98-31	98-31	98-27	98-07
Mar	98-03	98-03	98-00	97-12
Jun	-	-	-	96-19
Sep	-	-	-	95-28
Dec	-	-	-	95-07
Mar	-	-	-	94-19
Jun	-	-	-	94-00
Sep	-	-	-	93-14

U.S. TREASURY BILLS (IMM)
$1m points of 100%

	Latest	High	Low	Prev.
Mar	96.33	96.35	96.20	96.21
Jun	96.25	96.26	96.01	96.08
Sep	96.04	96.05	95.99	95.83
Dec	95.57	95.58	95.57	95.33
Mar	95.31	95.31	-	95.09

BRITISH POUND (IMM)
$ per £

	Latest	High	Low	Prev
Mar	1.8240	1.8270	1.8046	1.8094
Jun	1.7960	1.7990	1.7780	1.7822
Sep	1.7720	1.7720	-	1.7580

SWISS FRANC (IMM)
SFr 125,000 $ per SFr

	Latest	High	Low	Prev.
Mar	0.7139	0.7154	0.7067	0.7083
Jun	0.7080	0.7097	0.7015	0.7025
Sep	-	-	-	0.6975

JAPANESE YEN (IMM)
Y12.5m $ per Y100

	Latest	High	Low	Prev
Mar	0.7983	0.7985	0.7940	0.7941
Jun	0.7963	0.7964	0.7925	0.7924
Sep	0.7920	0.7920	-	0.7915
Dec	0.7920	0.7920	-	0.7913

DEUTSCHE MARK (IMM)
DM125,000 $ per DM

	Latest	High	Low	Prev.
Mar	0.6363	0.6370	0.6284	0.6301
Jun	0.6275	0.6280	0.6205	0.6217
Sep	0.6195	0.6195	-	0.6147
Dec	-	-	-	0.6085
Mar	-	-	-	0.6037

THREE-MONTH EURODOLLAR (IMM)
$1m points of 100%

	Latest	High	Low	Prev
Mar	96.00	96.02	95.86	95.88
Jun	95.84	95.88	95.59	95.67
Sep	95.54	95.58	95.32	95.35
Dec	94.90	94.95	94.66	94.70
Mar	94.58	94.62	94.36	94.40
Jun	94.06	94.09	93.85	93.89
Sep	93.58	93.60	93.39	93.42
Dec	-	93.00	92.81	92.84

STANDARD & POORS 500 INDEX
$500 times index

	Latest	High	Low	Prev
Mar	414.25	415.40	413.60	414.45
Jun	415.80	416.75	415.20	415.85
Sep	417.30	418.20	417.00	417.35
Dec	418.70	419.60	418.40	418.70

PHILADELPHIA SE £/$ OPTIONS
£31,250 (cents per £1)

Strike Price	Calls Feb	Calls Mar	Calls Apr	Calls Jun	Puts Feb	Puts Mar	Puts Apr	Puts Jun
1.725	10.75	10.80	10.81	10.99	0.01	0.45	1.08	2.69
1.750	8.35	8.43	8.59	8.98	0.04	0.83	1.66	3.56
1.775	5.88	6.38	6.70	7.33	0.18	1.40	2.44	4.60
1.800	3.66	4.58	5.03	5.85	0.55	2.23	3.40	5.82
1.825	1.92	3.11	3.68	4.62	1.34	3.31	4.62	7.24
1.850	0.84	2.10	2.64	3.59	2.72	4.83	6.16	8.79
1.875	0.30	1.32	1.87	2.75	4.70	6.59	7.85	10.52

Previous day's open int: Calls 333,126 Puts 412,874 (All currencies)
Previous day's volume: Calls 18,154 Puts 29,122 (All currencies)

PARIS

7 to 10 YEAR 10% NOTIONAL FRENCH BOND (MATIF) FUTURES

	Open	Sett price	Change	High	Low	Yield	Open int.
March	108.20	108.28	+0.10	108.36	108.18	8.74	117,804
June	109.58	109.68	+0.14	109.70	109.58	8.54	29,195
September	109.72	109.82	+0.14	109.72	109.72	8.52	2,689

Estimated volume 102,142 Total Open Interest 149,688

THREE-MONTH PIBOR FUTURES (MATIF) (Paris interbank offered rate)

	Open	Sett price	Change	High	Low	Yield	Open int.
March	90.12	90.13	+0.02	90.14	90.10	9.89	24,523
June	90.55	90.57	+0.03	90.59	90.54	9.46	17,210
September	90.96	90.97	+0.06	90.98	90.95	9.09	8,639
December	91.26	91.27	+0.03	91.28	91.24	8.76	2,404

Estimated volume 16,760 Total Open Interest 52,776

CAC-40 FUTURES (MATIF) Stock index

	Open	Sett price	Change	High	Low	Yield	Open int.
February	1877.0	1878.0	+2.0	1883.0	1874.0	-	9,504
March	1892.5	1892.5	+2.0	1895.5	1890.0	-	7,835
April	1907.0	1906.5	+2.0	1909.5	1907.0	-	0
June	-	1909.5	+2.0	-	-	-	5,490

Estimated volume 4,985 Total Open Interest 22,829

ECU BOND (MATIF)

	Open	Sett price	Change	High	Low	Yield	Open int.
March	108.56	108.58	+0.06	108.66	108.52	8.69	7,583

Estimated volume 4,546 Total Open Interest 7,583

OPTION ON LONG-TERM FRENCH BOND (MATIF)

Strike	Calls March	Calls June	Calls September	Puts March	Puts June	Puts September
106	-	-	-	-	-	-
107	1.36	-	-	0.07	-	-
108	0.55	-	-	0.28	0.41	-
109	0.13	1.37	-	-	-	-
110	0.03	0.86	-	-	1.19	-
111	-	0.49	-	-	-	-
112	-	0.26	-	-	-	-
113	-	-	-	-	-	-
Open int.	118,869	52,619	8,193	112,735	45,484	2,676

Estimated volume 22,328 Total Open Interest 340,776

POUND - DOLLAR

FT FOREIGN EXCHANGE RATES

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.8380	1.8285	1.8093	1.7831	1.7402

MONEY MARKETS

UK rates ease

MONEY market rates eased slightly yesterday, implying more optimism about an interest rate cut in the UK around the time of the March budget than has been seen in recent weeks.

The key three-month interbank rate, which is a good indicator to sentiment on interest rates, fell a touch from 10 9/16-½ at the opening to close at 10 7/16-5/16 per cent – the level of current base rates.

One senior trader said this was the first time three-month money had traded around 10⅜ for a couple of months.

Mr Nigel Newman, a senior economist with Barclays, said the deciding factor on a UK interest rate cut would be sterling's position within the exchange rate mechanism.

"Everything is in place for another half point interest rate cut," he said.

However, if sterling was "pushing against the bottom" of the ERM grid, that could prevent a cut, Mr Newman added.

The March short sterling contract, which opened two basis points higher at 89.69, firmed to 89.70 by the close in London. This implies an interest rate of 10.3 per cent in March.

Overnight money finished at sharply lower levels following a healthy injection from the Bank of England. In early operations the Bank injected £2.241bn, "the biggest amount of help seen in one go since 1989," said the senior trader.

Initially, the Bank forecast a shortage of £2.3bn, which was later revised to £2.55bn. Of the early assistance, £833m was comprised of bands one and two bank bills at 10⅜ per cent, band three at 10 5/16 per cent, and band four at 10¼-5/16 per cent. A further £1.408bn was purchased for resale on February 26 and 27 at 10 7/16 per cent. In the afternoon the bank bought band one and two bills totalling £154m at 10⅜ per cent and gave late help of £155m.

Call money eased in Germany as the market found itself with more than enough liquidity. Rates were quoted at 9.55/60 per cent compared with Thursday's 9.60/65 per cent.

In the US, the Federal Reserve drained reserves by a weekend matched sale-repurchase agreement at 3 13/16 per cent. The operation knocked expectations that the Fed would cut the funds rate from 4 to 3¾ per cent.

The cut is still expected in the short-term, however, with early next week leading the betting. Economists said they did not expect a cut in the discount rate.

UK clearing bank base lending rate
10.5 per cent
from September 4, 1991

FT LONDON INTERBANK FIXING

(11.00 a.m. Feb.7) 3 months US dollars		6 months US Dollars	
bid 4	offer 4⅛	bid 4¼	offer 4⅜

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque National de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK

Lunchtime

		Treasury Bills and Bonds			
Prime rate	6½	One month	3.63	Three year	5.37
Broker loan rate	6	Two month	3.47	Five year	6.33
Fed.funds	3⅞	Three month	3.82	Seven year	6.75
Fed.funds at intervention	3¾	Six month	3.92	10-year	7.13
		One year	4.08	30-year	7.71
		Two year	4.94		

Feb.7	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	9.50-9.60	9.50-9.60	9.45-9.55	9.45-9.55	9.40-9.50	9.75
Paris	9⅞-10⅛	9⅞-10⅛	10-10⅛	10-10⅛	9⅞-10	9.60
Zurich	6⅞-7⅛	7¼-7½	-	7¼-7½	-	-
Amsterdam	9.37-9.50	9.52-9.64	-	9.48-9.60	-	-
Tokyo	5 11/16-5¾	5⅝-5 13/16	-	5⅜-5¼	-	-
Milan	11¾-12¼	12¼	-	12¼-12¼	-	-
Brussels	9.43-9.56	9⅜-9⅝	-	9½-9⅝	-	-
Dublin	10⅛-10¼	10⅛-10⅜	10⅛-10 11/16	10½-10⅝	10⅜-10½	-

LONDON MONEY RATES

Feb 7	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	10½	10½	10⅝	10⅝	10⅝	10⅝
Interbank Bid	8	10	10½	10½	10½	10½
Sterling CDs	-	-	10½	10½	10½	10½
Local Authority Deps.	10½	10½	10¾	10 7/16	10⅜	10⅜
Local Authority Bonds	-	-	-	-	-	-
Discount Mkt Deps	10⅝	10⅝	-	-	-	-
Company Deposits	-	-	10⅝	10½	10⅝	10¼
Finance House Deposits	-	-	10⅝	10 9/16	10⅝	10⅜
Treasury Bills (Buy)	-	-	10⅜	9⅞	9⅞	-
Bank Bills (Buy)	-	-	10⅜	9 13/16	9 13/16	-
Fine Trade Bills (Buy)	-	-	-	-	-	-
Dollar CDs	-	-	3.97	3.97	4.13	4.32
SDR Linked Dep. Offer	-	-	6⅝	6⅝	6½	6⅞
SDR Linked Dep. Bid	-	-	6½	6¼	6⅜	6½
ECU Linked Dep. Offer	-	-	10½	10½	10⅜	10⅛
ECU Linked Dep. Bid	-	-	10⅜	10⅜	10¼	10

Treasury Bills (sell); one-month 10⅛ per cent; three months 9⅞ per cent; six months 9½ per cent; Bank Bills (sell): one-month 10⅛ per cent; three months 9 13/16 per cent; Treasury Bills; Average tender rate of discount 9.8269 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day January 31, 1992. Agreed rates for period Feb.26, 1992 to March 24, 1992, Scheme I: 11.75 p.c., Schemes II & III: 12.01 p.c. Reference rate for period Jan 1,1992 to January 31, 1992, Scheme IV&V: 10.713 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 11 from February 1, 1992: Bank Deposit Rates for sums at seven days notice 4 per cent. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 7 per cent; one-three months 9½ per cent; three-six months 9 per cent; six-nine months 9 per cent; nine-twelve months 9 per cent; Under £100,000 7 per cent from Sept 5,1991. Deposits withdrawn for cash 5 per cent.

BANK RETURN

BANKING DEPARTMENT	Wednesday February 5 1992		Increase or decrease for week
LIABILITIES	£		£
Capital	14,553,000		
Public Deposits	126,906,855	+	45,713,595
Bankers Deposits	1,524,691,520	-	120,131,562
Reserve and other Accounts	3,297,431,217	+	28,200,763
	4,963,582,392	-	46,217,204
ASSETS			
Government Securities	1,270,131,562	-	136,395,000
Advance and other Accounts	1,872,451,398	-	29,426,642
Premises Equipment & other Secs	1,815,956,926	+	126,651,166
Notes	4,351,441	-	7,021,006
Coin	241,099	-	25,722
	4,963,582,392	-	46,217,204
ISSUE DEPARTMENT			
LIABILITIES			
Notes in circulation	15,505,648,559	-	12,978,994
Notes in Banking Department	4,351,441	-	7,021,006
	15,510,000,000	-	20,000,000
ASSETS			
Government Debt	11,015,100		
Other Government Securities	7,958,589,252	+	261,679,732
Other Securities	7,540,395,648	-	281,679,732
	15,510,000,000	-	20,000,000

BASE LENDING RATES

	%		%		%
Adam & Company	10.5	Credit Lyonnais	10.5	McDonnell Douglas Bnk.	10.5
Allied Trust Bank	10.5	Cyprus Popular Bk	10.5	Midland Bank	10.5
AIB Bank	10.5	Dunbar Bank PLC	10.5	Mount Banking	10.5
● Henry Ansbacher	10.5	Duncan Lawrie	10.5	NatWestminster	10.5
B & C Merchant Bank	10.5	Equatorial Bank plc	10.5	Northern Bank Ltd	10.5
Bank of Baroda	10.5	Exeter Bank Limited	11	Nykredit Mortgage Bank	11
Banco Bilbao Vizcaya	10.5	Financial & Gen. Bank	11	Provincial Bank PLC	14
Bank of Cyprus	10.5	First National Bank Plc	14	Roxburghe Bank Ltd	11.5
Bank of Ireland	10.5	● Robert Fleming & Co.	10.5	Royal Bk of Scotland	10.5
Bank of India	10.5	Robert Fraser & Ptnrs.	11	● Smith & Williamson Secs.	10.5
Bank of Scotland	10.5	Girobank	10.5	Standard Chartered	10.5
Banque Belge Ltd	10.5	● Guinness Mahon	10.5	TSB	10.5
Barclays Bank	10.5	● Hambros Bank	10.5	Unibank plc	10.5
Benchmark Bank	11	Hampshire Trust Plc	13.5	● United Bk of Kuwait	10.5
Brit Bk of Mid East	10.5	Heritable & Gen Inv Bnk.	10.5	Unity Trust Bank Plc	10.5
● Brown Shipley	10.5	● Hill Samuel	10.5	Western Trust	10.5
CL Bank Nederland	10.5	C. Hoare & Co.	10.5	Westpac Bank Corp.	10.5
Citibank NA	10.5	Hongkong & Shanghai	10.5	Whiteaway Laidlaw	10.5
City Merchants Bank	10.5	Julian Hodge Bank	10.5	Yorkshire Bank	10.5
Clydesdale Bank	10.5	● Leopold Joseph & Sons	10.5		
Co-operative Bank	10.5	Lloyds Bank	10.5		
Coutts & Co	10.5	Meghraj Bank Ltd	10.5		

● Members of British Merchant Banking & Securities Houses Association.

MONEY MARKET FUNDS

Money Market Trust Funds

	Gross	Net	Gross CAR	Int Cr
CAF Money Management Co Ltd 48 Pembury Road, Tonbridge TN9 2JD 0732 770114				
Cafcash Deposit Fund	10.33	10.73	10.79	3 Mth
Deposits Over £1 million	10.43	10.84	10.90	3 Mth
Deposits Over £2 million	10.53	10.95	11.01	3 Mth
The CBIF Charities Deposit Account 2 Fore Street, London EC2Y 5AQ 071-588 1815				
Deposit	10.45	-	10.87	3-Mth
Cent. Bd. of Fin. of Church of England 2 Fore Street, London EC2Y 5AQ 071-588 1815				
Deposit	10.45	-	10.87	3-Mth
Gartmore Money Management Ltd 16-18 Monument St, London EC3R 8QQ 071-236 1425 TESSA Desk 071 236 9362				
Call Fed	9.96	7.47	10.20	6-Mth
7-day Fund	9.95	7.46	10.19	6-Mth
Special Fund	9.74	7.30	10.18	1-Mth
Dollar	2.74	2.05	2.76	3-Mth
TESSA Prime	10.00	-	10.38	3-Mth
TESSA Plus	9.80	-	10.17	3-Mth
TESSA Saver	9.65	-	10.00	3-Mth

Money Market Bank Accounts

	Gross	Net	Gross CAR	Int Cr
AIB Bank High Interest Cheque Account Belmont Rd, Uxbridge UB8 1SA 0800 282115				
£2,500-£9,999	8.50	6.38	8.77	Qtr
£10,000+	9.25	6.94	9.57	Qtr
Aitken Hume Bank plc 30 City Road, EC1Y 2AY 071-638 6070				
Treasury Acc.	9.00	6.75	9.31	Qtr
Mth Int Chq £1,000-£4,999	9.00	6.75	9.38	Mth
Mth Int Chq £5,000-£49,999	9.50	7.125	9.92	Mth
Mth Int Chq £50,000+	10.00	7.50	10.47	Mth
Allied Trust Bank Ltd 97-101 Cannon St, London EC4N 5AD 071-626 0879				
TOMNA £2,001+	10.90	8.18	11.46	Mth
OMNA (£2,001+)	10.50	7.88	11.02	Mth
HICA (£2,001+)	9.00	6.75	9.38	Mth
Premier TESSA	12.50	9.38	13.24	Yearly
American Express Bank Ltd Sussex House, Burgess Hill, West Sussex, RH15 9AW 0444 230230				
High Performance Cheque Account				
Cardmembers				
£500-£999	3.50	2.63	3.56	Mth
£1,000-£4,999	8.50	6.38	8.84	Mth
£5,000-£9,999	8.70	6.53	9.06	Mth
£10,000-£24,999	9.10	6.83	9.49	Mth
£25,000-£49,999	9.30	6.98	9.71	Mth
£50,000-£99,999	9.50	7.13	9.92	Mth
£100,000+	9.70	7.28	10.14	Mth
Non-Cardmembers				
£500-£999	3.25	2.44	3.30	Mth
£1,000-£4,999	8.25	6.19	8.57	Mth
£5,000-£9,999	8.45	6.34	8.79	Mth
£10,000-£24,999	8.85	6.64	9.22	Mth
£25,000-£49,999	9.05	6.79	9.43	Mth
£50,000-£99,999	9.25	6.94	9.65	Mth
£100,000+	9.45	7.09	9.87	Mth
Bank of Ireland High Interest Cheque Acc 36-40 High St, Slough SL1 1EL 0753 516516				
£10,000+	8.75	6.563	9.041	Qtr
£2,000-£9,999	8.50	6.375	8.775	Qtr
Bank of Scotland 38 Threadneedle St, EC2P 2EH 071-601 6446				
Mth Chq Acc £2,500-£24,999	8.65	6.48	9.00	Mth
£25,000+	9.11	6.83	9.50	Mth
Barclays Select PO Box 120, Westwood Bs Pk, Coventry 0800 400100				
£2,000-£9,999	8.50	6.38	8.50	-
£10,000-£24,999	9.75	7.31	9.75	-
£25,000-£49,999	10.25	7.69	10.25	-
£50,000+	11.00	8.25	11.00	-
Barclays Prime Account H.I.C.A. PO Box 125, Northampton 0604 252891				
£1,000-£2,499	7.00	5.25	7.19	Qtr
£2,500-£9,999	7.70	5.78	7.93	Qtr
£10,000-£24,999	8.40	6.30	8.67	Qtr
£25,000+	8.75	6.56	9.04	Qtr
Benchmark Bank PLC Premier Account 8b Newman Street, W1P 3LD 071-631 3313				
£2,500-£10,000	9.00	6.75	9.31	Qtr
£10,001-£20,000	9.25	6.9375	9.58	Qtr
£20,000+	10.00	7.50	10.38	Qtr
Brown Shipley & Co Ltd Founders Court, Lothbury, London EC2 071-606 9833				
HICA	9.125	6.85	9.36	Qtr
Prof Demand A/c	9.00	6.75	9.23	Qtr
Caledonian Bank Plc 8 St Andrew Square, Edinburgh EH2 2PP 031-556 8235				
HICA	10.00	7.50	-	Yearly
Cater Allen Ltd 25 Birchin Lane, London EC3V 9DJ 071-623 2070				
HICA	9.00	6.75	9.3807	Mth
Consort £5,000 min.	9.75	7.3125	10.1977	Mth
TESSA	10.25	-	10.7455	Mth
Charterhouse Bank Limited 1 Paternoster Row, EC4M 7DH 071-248 4000				
£2,500-£19,999	9.25	6.94	9.65	Mth
£20,000-£49,999	9.50	7.13	9.92	Mth
£50,000-£99,999	9.75	7.31	10.20	Mth
£100,000+	10.00	7.50	10.47	Mth
$5,000-$49,999	2.50	1.88	2.53	Mth
$50,000-$99,999	3.00	2.25	3.04	Mth
$100,000-$199,999	3.25	2.44	3.30	Mth
$200,000+	3.50	2.63	3.56	Mth
Many other currencies are available – for rates please phone ext. 2168				
Clydesdale Bank PLC 30 St Vincent Place, Glasgow G1 2HL 041 248 7070				
£2,000-£24,999	8.25	6.19	8.51	Qtr
£25,000-£99,999	9.00	6.75	9.31	Qtr
£100,000+	9.50	7.13	9.84	Qtr
Co-operative Bank PO Box 300, Skelmersdale, Lancs 0800 616162				
TESSA				
TESSA	11.50	-	-	Yearly
Investment 90 – 90 Day Notice Savings				
£50,000+	10.75	8.10	11.0	6-Mth
£25,000-£49,999	10.50	7.90	10.8	6-Mth
£10,000-£24,999	9.50	7.10	9.7	6-Mth
£5,000-£9,999	8.25	6.20	8.4	6-Mth
Pathfinder – Card Based Current Account				
All Balances	10.00	7.50	10.50	Mth
Top Tier – Instant Access Savings				
£50,000+	9.50	7.10	9.7	6-Mth
£10,000-£49,999	9.00	6.75	9.2	6-Mth
£5,000-£9,999	7.75	5.80	7.90	6-Mth
£1,000-£4,999	7.25	5.40	7.40	6-Mth
£1-£999	3.50	2.60	3.50	6-Mth
Ultra Interest Bearing Current Account				
£20,000+	6.00	4.50	6.20	Mth
£5,000-£19,999	5.00	3.75	5.10	Mth
£500-£4,999	2.50	1.90	2.50	Mth
£1-£499	2.00	1.50	2.00	Mth
Coutts & Co Reserve Account 440 Strand, London WC2R 0QS 071-753 1000				
For personal customers				
£50,000+	9.125	6.84	9.44	Qtr
£20,000-£49,999	8.625	6.47	8.91	Qtr
£5,000-£19,999	8.125	6.09	8.38	Qtr
For businesses, charities and societies				
£100,000-£1,000,000	8.50	6.40	8.78	Qtr
£25,000-£99,999	8.25	6.19	8.51	Qtr
£10,000-£24,999	7.625	5.72	7.85	Qtr
Coutts Composite Account for clients money 27 Bush Lane, London EC4R 0AA 071-623 3434				
Rates negotiable up to	10.25	-	-	-
Dartington & Co Ltd Investment HICA 70 Prince St, Bristol BS1 4QD 0272 213206				
£50,000-£1m	9.50	7.13	9.84	Qtr
£25,000-£49,999	9.25	6.94	9.58	Qtr
£5,000-£24,999	9.00	6.75	9.31	Qtr
Financial & General Bank plc 13 Lowndes Street, London SW1X 9EX 071-235 0036				
H.I.D.A. £50,000	10.85	8.137	11.12	6-Mth
H.I.D.A. £10,000-£50,000	10.50	7.875	10.77	6-Mth
Gartmore Money Management Ltd 16-18 Monument St London EC3R 8QQ 071-236 1425				
HICA £10,000+	8.75	6.56	9.04	3-Mth
Halifax Bldg Soc Asset Reserve Cheque Acc Trinity Road, Halifax HX1 2RG 0422 335333				
£5,000-£9,999	8.70	6.53	8.99	Qtr
£10,000-£24,999	9.50	7.13	9.84	Qtr
£25,000-£49,999	10.00	7.50	10.38	Qtr
£50,000 and above	10.60	7.95	11.03	Qtr
Julian Hodge Bank Ltd 10 Windsor Place Cardiff CF1 3BX 0222 220800				
6 Mth Fixed Rate Dep Acc	11.25	8.44	-	-
Extra High Interest Deposit Account				
£50,000+	11.00	8.25	11.46	Qtr
£10,000+	10.75	8.06	11.19	Qtr
£5,000+	10.25	7.69	10.65	Qtr
Humberclyde Finance Group Chalky Ct, Winchester Rd, Basingstoke 0256 841863				
£50,000+	10.50	7.88	10.82	Qtr
Kleinwort Benson Ltd 158 Kentish Town Rd, London NW5 2BT 071 267 1586				
H.I.C.A. (£2,500+)	9.75	7.3125	10.21	Daily
Lloyds Bank – Investment Account 71 Lombard St London EC3P 3BS 0272 433372				
£50,000 and above	10.40	7.80	10.40	Yearly
£25,000+	10.00	7.50	10.00	Yearly
£10,000+	9.80	7.35	9.80	Yearly
£5,000+	8.40	6.30	8.40	Yearly
Midland Bank plc PO Box 2, Sheffield 0742 529394				
Exchequer Acc £5000+	9.78	7.34	10.00	6-Mth
£10,000+	10.02	7.52	10.25	6-Mth
£25,000+	10.49	7.87	10.75	6-Mth
£50,000+	10.73	8.05	11.00	6-Mth
TESSA	11.00	-	11.00	Yearly
NatWest Crown Reserve Account 41 Lothbury, London EC2P 2BP 071-374 3374				
£25,000 and above	9.75	7.31	10.11	3-Mth
£10,000 to £24,999	9.50	7.13	9.84	3-Mth
£2,000-£9,999	9.125	6.84	9.44	3-Mth
Provincial Bank PLC 30 Ashley Rd, Altrincham Cheshire 061-928 9011				
H.I.C.A. (£1,000+)	8.75	6.56	9.11	Mth
Royal Bank of Scotland plc Premium Acc 42 St Andrew Sq, Edinburgh EH2 2YE 031-228 5650				
£50,000+	9.50	7.13	9.84	Qtr
£25,000-£49,999	9.20	6.90	9.52	Qtr
£10,000-£24,999	8.75	6.56	9.04	Qtr
£2,500-£9,999	8.10	6.08	8.35	Qtr
Save & Prosper/Robert Fleming 16-22 Western Rd, Romford RM1 3LB 0800 282101				
Premier £1,000+Chq Acc	9.00	6.75	9.42	Daily
TESSA Fixed 1 Year	8.88	-	9.25	Mth
TESSA Variable	10.25	-	10.75	Mth
Sterling Bank & Trust Ltd Abbey Gdns, 6 Abbey St, Reading RG1 3BA 0734 592543				
HIDA £2,500+	10.50	7.88	10.78	6-Mth
Tyndall & Co Ltd 29-33 Princess Victoria St, Bristol 0272 744720				
Demand Acc.	09.25	6.94	09.58	Qtr
HIMA	09.13	6.84	09.44	Qtr
HIMA £100,000+	09.38	7.03	09.70	Qtr
Master Plus	09.13	6.84	09.44	Qtr
TESSA	09.88	-	10.25	Qtr
United Dominions Trust Ltd PO Box 135, Abbey St, Reading RG1 3EB 0734 560411				
Capital Plus Cheque Account				
£1,000+	9.90	7.43	10.27	Qtr
J. Henry Schroder Wagg & Co Ltd 120 Cheapside, London EC2V 6DS 071-382 6000				
Special Acc.	8.75	9.01	6.56	Mth
£10,000 and above	9.00	9.28	6.75	Mth
Western Trust High Interest Cheque Acc The Moneycentre, Plymouth PL1 1SE 0752 224141				
£15,000+	10.00	7.50	10.38	Qtr
£5,000-£14,999	9.75	7.31	10.11	Qtr
£1,000-£4,999	9.50	7.13	9.84	Qtr
Wimbledon & South West Finance PLC 114 Newgate St, London EC1 7AE 071-606 9485				
High Int Cheque Acc.	10.60	7.95	11.03	Qtr

NOTES – Gross: Contractual rate of interest payable, not taking account of the deduction of basic rate income tax. Net: Rate of interest payable after allowing for deduction of basic rate income tax. Gross CAR: Gross rate annualised to take account of compounding of interest paid other than once a year, 'Compounded Annual Rate'. Int Cr: Frequency at which interest is credited to the account.

EDUCATION

LONDON STOCK EXCHANGE: Dealings

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated prices are in pence. The prices are those at which the business was done in the 24 hours up to 5 pm on Thursday and settled through the Stock Exchange Talisman system, they are not in order of execution but in ascending order which denotes the day's highest and lowest dealings.

For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the four previous days is given with the relevant date.

Rule 535(2) and Third Market stocks are not regulated by the International Stock Exchange of the United Kingdom and the Republic of Ireland Ltd.

‡ Bargains at special prices. ♦ Bargains done the previous day.

British Funds, etc
No. of bargains included 1860

Exchequer 10½% Stk 2005 - £109⅝ (5Fe92)
Guaranteed Export Finance Corp PLC 12¾% Gtd Ln Stk 2002(Reg) - £118⅞

Corporation and County Stocks
No. of bargains included nil

Exch Prf Shs - £131 (31Ja92)
Wellcome PLC 9¾% Bds 2006 - £94⅞
Woolwich Building Society 11% Nts 1996 - £102¾ (5Fe92)
11¾% Subord Nts 2001 - £103¾
Queensland Treasury Corp $A20m 10.5% Nts 15/5/2003 - $A96 472♦

Sterling Issues by Overseas Borrowers

Registered Housing Associations

Commercial, Industrial, etc

Water No. of bargains included 559

Bristol Water Hldgs PLC Ord £1 - 550
6.75% Cum Cnv Red Prf 1998 Shs £1 - 114♦
Colne Valley Water PLC 10% Red Deb Stk 96/98 - £98⅞ ¼ (4Fe92)

10% Prf 10p - 20 (4Fe92)
Transatlantic Hldgs PLC Ord 50p - £3 2 (3Fe92)
Cnv Cum Prf 50p - £3⅛ (5Fe92)
Tyndall International(Jersey) Gilt Fund - £1.174 (3Fe92)
Weetabix Ld "A" Non.V Ord 25p - £9¼ 9.3
10% Prf £1 - £0.62 (3Fe92)
Winchmore PLC Ord 25p - £0.085 (4Fe92)
Wynnstay Properties PLC 25p - £1 12 1.15 (5Fe92)
Yorkdale Holdings PLC Ord £1 - £0.09625

RULE 535 (4) (a)

Bargains marked in securities where principal market is outside the UK and Republic of Ireland. Quotation has not been granted in London and dealings are not recorded in the Official List.

Batu Kawan M$2.7
Berjuntai Tin Dredging S$1.15♦ (3/2)
Cape Range Oil A$0.3489
Churchill Resources A$0.23 (4/2)
City Developments S$4.21♦ (4/2)
Community Psychiatric Centers $14.63282♦ (5/2)
Devex A$0.8764 (3/2)
Forest Laboratories $38⅝
Kulim Malaysia Ord 30 (4/2)
Kulim Malaysia Ord (Malay Ord) M$1.6
Leighton Hldgs A$1.49 (31/1)
Malayan Credit S$2.1539
Malaysian Plantations M$0.8
National Electronics Hldgs. 4 (3/2)
North Flinders Mines 150 (4/2)
Oil Search 27,8,9
Orbit Oil & Gas 15♦
Playmates Hldgs HK$4.578♦ (3/2)
Res Gold Corp C$0.421667♦
Singapore Land S$5.65♦ (3/2)
Storer Communications $K271.8 (4/2)
Terrex Resources A$0.142♦ (3/2)
United Overseas Land S$1.72♦1.73 (3/2)

By Permission of the Stock Exchange Council

LONDON STOCK EXCHANGE

Share losses increase in light selling

By Terry Byland, UK Stock Market Editor

ANOTHER negative trading session in UK equities yesterday rounded off a week of persistent gloom for share prices. London extended its losses in late trading in the wake of poor employment figures from the US, although the Dow Average was still four points up when the UK markets closed for the weekend. Government bonds lost about ⅜ of a point in nervous trading, while the international blue chip equities were unsettled by weakness in the US dollar.

Uncertainty over the outlook for Wall Street, where the Dow turned down after London closed, continued to overhang confidence in the UK market. The domestic scene also remained confused as the latest UK public opinion polls indicated that the Conservative and Labour parties are still close together in the public ratings.

Account Dealing Dates		
*First Dealings:		
Jan 27	Feb 10	Feb 24
Option Declarations:		
Feb 6	Feb 20	Mar 5
Last Dealings:		
Feb 7	Feb 21	Mar 6
Account Day:		
Feb 17	Mar 2	Mar 16

*New-time dealings may take place from 8.30 am two business days earlier.

The big institutions stayed out of the equity market, and a relatively high total of Seaq-recorded bargains indicated some parcel-passing by the market-making firms, which were busy yesterday picking up the pieces at the end of a somewhat unsuccessful two week equity trading account.

Seaq volume advanced to 596.2m shares from Thursday's 546.2m. But Thursday's value total of retail business remained unimpressive at £830m.

Equities opened slightly easier as the overnight Seaq ticker disclosed further equity sales, and an attempt to steady behind the stock index futures failed to hold.

Share prices were soon slipping away, with the brewery sector upset by weakness in Bass on news overnight that it has filed a lawsuit in the US regarding its $2.23bn purchase of the Holiday Inn chain.

Although there was little sign of institutional selling, traders sensed that the sellers were not far away. The poor US jobs data, seen as a sign that the US economy is weaker than believed, depressed share prices in London, although the pressure was eased by hopes that the news might spark another cut in US interest rates.

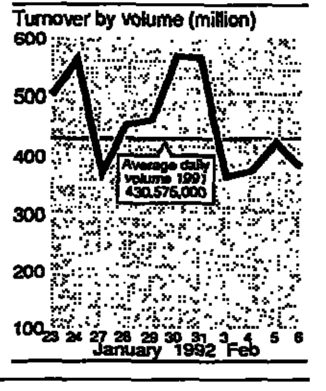
At the close, the FT-SE Index was 17.1 down at 2,517.2, virtually the low of the day. The Index has fallen by 2 per cent (54 points) this week, giving back almost all the gain achieved in the previous week. At last night's close, the Footsie showed a gain of under seven points over the two week account.

Although London money market rates were easier yesterday, the stock market's hopes for an early cut in base rates remained suppressed. Among the interest rate-orientated stocks, retailers and building construction groups remained out of favour.

● After falling away sharply, customer, or retail, business in equities has revived strongly and is now well above daily averages for last year.

London SE volume

Turnover by volume (million)



FINANCIAL TIMES STOCK INDICES

	Feb 7	Feb 6	Feb 5	Feb 4	Feb 3	Year Ago	1991/92 High	1991/92 Low	Since Compilation High	Since Compilation Low
Government Secs	86.17	86.10	86.23	86.06	87.92	85.01	88.23 (5/2/92)	82.17 (2/1/91)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	100.99	100.99	100.99	100.80	100.67	93.53	100.99 (5/2/92)	90.59 (2/1/91)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary Share ●	1945.1	1961.2	1970.9	1978.7	1984.2	1756.2	2108.3 (2/9/91)	1606.3 (16/1/91)	2108.3 (2/9/91)	49.4 (26/6/40)
Gold Mines	141.7	145.2	146.1	145.1	145.0	131.7	222.8 (11/7/91)	127.0 (22/2/91)	734.7 (15/2/83)	43.6 (26/10/71)
FT-SE 100 Share	2517.2	2534.3	2547.1	2556.8	2560.2	2243.7	2679.6 (2/9/91)	2054.8 (16/1/91)	2679.6 (2/9/91)	986.9 (23/7/84)
FT-SE Eurotrack 200	1168.38	1172.04	1175.21	1174.55	1175.42	1018.91	1198.80 (3/9/91)	938.62 (16/1/91)	1198.80 (3/9/91)	938.62 (16/1/91)
●Ord. Div. Yield	4.69	4.65	4.63	4.61	4.60	5.46				
●Earning Yld %(full)	6.97	6.92	6.95	6.92	6.90	11.37				
●P/E Ratio(Net)(☆)	17.99	18.12	18.10	18.18	18.22	10.63				
SEAQ Bargns 4.45pm	35,927	31,091	30,010	29,609	31,089	31,514				
Equity Turnover(£m)†	-	830.00	954.80	811.20	744.60	1117.06				
Equity Bargains†	-	24,995	30,432	38,355	31,654	31,798				
Shares Traded (ml)†	-	385.5	427.0	382.3	367.6	490.2				

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold mines 12/9/55, Basis 1000 FT-SE 100 31/12/83 & FT-SE Eurotrack 200 26/10/90. ☆ Nil 16.97

Ordinary Share Index, Hourly changes — Day's High 1961.2 — Day's Low 1945.0

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
1959.5	1958.6	1950.1	1949.4	1951.6	1951.2	1948.6	1948.1	1946.1

FT-SE 100, Hourly changes — Day's High 2533.5 — Day's Low 2517.0

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
2530.2	2531.6	2521.7	2524.3	2524.9	2523.5	2520.9	2521.5	2521.5

FT-SE Eurotrack 200, Hourly changes — Day's High 1173.28 — Day's Low 1166.74

Open	10 am	11 am	12 pm	1 pm	2 pm	3 pm
1170.38	1168.92	1169.80	1170.40	1169.74	1168.38	1167.73

GILT EDGED ACTIVITY

Indices*	Feb 6	Feb 5
Gilt Edged Bargains	80.9	88.4
5–Day average	81.8	80.5

*SE Activity 1974.
†Excluding intra-market business and Overseas turnover.

London report and latest Share Index: Tel. 0891 123001. Calls charged at 36p/minute cheap rate, 48p/minute at all other times.

Racal active again

THE MARKET was alive with rumours that a stakebuilder could have been at work in Racal Electronics after a series of exceptionally large lines of Racal stock – including a single block of 6m – traded via the Seaq electronic system.

At the close of trading 35m Racal shares had changed hands, way above normal levels of activity. But dealers pointed out that turnover in Racal throughout the week had consistently topped levels regarded as usual in the stock. Yesterday's heavy volume followed 5.7m traded on Monday, 31m on Tuesday, 9.6m on Wednesday and 9m on Thursday, giving an aggregate turnover of just over 90m shares, representing some 10 per cent of Racal's equity. Racal shares settled a shade firmer at 51p.

It was said that much of the activity had been generated by a spate of buy recommendations on the stock, principally from County NatWest and James Capel. Nevertheless suspicions remained that a big buyer had been operating in the market, mopping up any stock that came on offer. Williams Holdings retains a 10 per cent stake in Racal, acquired during its unsuccessful bid late last year. Tomkins, said to have been the anonymous bidder offering £450m for Racal's Chubb division last year, was put forward as a potential predator for the whole group. Tomkins is thought to be anxious to expand, particularly in the security business. Specialists said a stakebuilding exercise, followed by the purchase of Williams' stake, would be a perfect platform to launch a bid for Racal.

Steel bought deal

British Steel was the second heaviest traded stock in the market with business substantially boosted by a bought deal in the stock carried out by Smith New Court, the securities house.

Smith confirmed it had bought a block of around 10m British Steel shares and quickly placed the stock with a number of institutions.

The broker declined to reveal details of the trade but the Seaq delayed ticker later revealed that a block of 9.5m British Steel traded at 70p followed, quickly by a block of 1m shares at 71½p and a block of 9m shares at 71½p.

Sun Alliance down

Sun Alliance was the biggest loser in a composite insurance sector suffering from the effects of a further round of forecast loss increases, this time instigated by Goldman Sachs, the US investment bank.

Mr Stephen Dias, composite insurance specialist at Goldmans, acknowledged he had sharply increased his estimates of losses at Sun Alliance and at Royal Insurance.

Mr Dias said results from the composites, due to commence at the end of this month, "will be worse than the market expects; we don't like the sector." He said that damage caused by the recession "is carrying on into 1992."

He also increased his estimate of Sun Alliance's losses for 1991 from £437m to £470m and his estimate of Royal Insurance's losses from £285m to £320m.

The composite insurers season commences February 26. Sun Alliance shares dropped 10 to 286p on turnover of 2.4m. Royal Insurance dipped 4 to 286p on turnover of 366,000.

Bass, the biggest UK brewer, fell 15 to 520p in hefty trading of 6.2 million shares, on news that the company is suing Promus, the Memphis-based company, regarding the terms under which it acquired the Holiday Inn and Crowne Plaza hotel chains in 1990.

A positive note from Smith New Court lifted Wellcome, the shares rising 6 to 1120p in muted trading. The recommendation focused on Wellcome's long-term prospects, the house being particuarly keen on Wellcome's focus on anti-viral drugs which inspire a bullish outlook for earnings.

BP, still buffeted by worries about the dividend cover and a boardroom rift – although this latter story has been vehemently denied all week, slipped 4 more to 239p; turnover was a thin 3.3m shares.

Other oil shares mirrored the market's concern that lines of stock in other oil stocks may be unloaded in the short term. Enterprise, for example, retreated 9 to 426p on turnover approaching 1m.

Standard Chartered continued to respond to the recent vague takeover stories, edging up 4 more to 424p, while Midland, also viewed as a potential takeover target, improved the same amount to 234p, albeit in thin trading.

Dowty Group eased four to 121p on suggestions the market that Cazenove, the company's brokers, had turned cautious on the stock. The volume was 2.2m.

Vickers bounced 3 to 169½ and continued to circulate that dividend worries triggered by Smith New Court downgrading on Thursday, had been overdone.. Turnover in Smiths Industries rose to 2.8 , after a large seller appeared leading the shares falling 4 to 275p.

Press reports from the Netherlands suggesting that corporation talks between British Airways and KLM, had been delayed by a lack of agreement on BA's financial injection to North West Airlines of the US sent the shares retreating 9 to 221p. Turnover reached 5.9m. BA reports third quarter results on Tuesday and the range of analysts' forecasts is between £40m and £50m.

The prospects of a settlement with its builders helped Eurotunnel harden 10 to 465p.

Tomkins eased another 2 to 433p with talks still circulating that the company would soon make an offer for Racal. BTR edged 1p forward to 409½ after Smith New Court found a buyer for a block of 1.6m shares at 407p. Total volume reached 5.6m.

A pessimistic assessment of the brewing sector by County NatWest was another factor depressing Bass, apart from news of the company's US law suit. County suggested that Bass and Whitbread are likely to under-perform the sector in the long term, because both are particularly vulnerable to pressure on profit margins when the economy emerges from recession. Whitbread "A" lost 5 to 448p. On the other hand Grand Metropolitan rose 7 to 919p, recouping some of the week's loss, on receding fears about static pension fund surpluses.

Among food retailers Kwik Save fell another 17 to 577p as UBS Phillips and Drew cut its profit forecast to £108m from £118m for the current financial year, the lowest figure suggested so far. Kleinwort Benson reduced its profit forecast for the company to £115m from £120m and continued to strongly recommend selling the shares.

Great Universal continued to disappoint after an acrimonious presentation given for the group by Warburg Securities on Thursday. GUS "A" fell 9 to 1421p, shrugging off an earlier buy recommendation from company broker Cazenove.

After a good run, SmithKline Beecham slipped back, as some buyers took profits and a weak dollar combined to undermine the price. However, Credit Lyonnais Laing is recommending a buy on the drugs group. The shares dropped 8 to 953p.

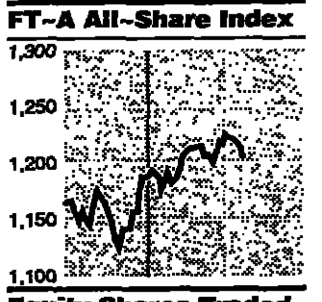
Selling sentiment in the US knocked Glaxo, which fell 13 to 816p. Talk of a Nomura downgrade on ICI left the chemicals group off 20 at 1253p, although the house denied the story.

News of Forte plans for raising finance knocked the shares in brisk volume of 2.1m. The shares lost 4 to 219p.

MARKET REPORTERS:
Christopher Price.
Colin Millham,
Joel Kibazo, Steve Thompson,

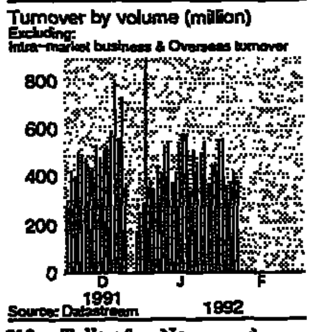
■ Other market statistics, including the FT-Actuaries Share Indices and London Traded Options, Page 9.

FT–A All–Share Index



Equity Shares Traded

Turnover by volume (million)
Excluding:
Intra-market business & Overseas turnover



Source: Datastream

NEW HIGHS AND LOWS FOR 1991/92

NEW HIGHS (82).
BRITISH FUNDS (13) Tr. 2pc IL 1992, Tr. 8pc 1992, Fd. 6pc 1993, Tr. 9pc '92-96, Ex. 10½pc 1997, Tr. 2pc IL 1994, Tr. 2pc 1996, Tr. 2½pc IL 2001, Tr. 2½pc IL 2003, Tr. 2pc IL 2006, Tr. 2½pc IL 2009, Tr. 2½pc 2011, OTHER FIXED INTEREST (5) African Dev. 11⅛pc 2010, Asian Dev. 10¼pc 2009, Hydro Quebec 15pc 2011, Inter-Amer. 12½pc 2003, Do. 9¾pc 2015, BANKS (1) HSBC, BUILDING MATERIALS (1) Spring Ram, BUSINESS SERVICES (2) Hays, Serco, CHEMICALS (1) British Vita, ELECTRICALS (1) Menvier-Swain, ELECTRONICS (1) Elect. Data Procg., ENGINEERING AEROSPACE (1) FR, ENGINEERING GENERAL (2) Mayflower, Transfer Tech., FOOD MANUFACTURING (3) Clarke, Dalepak, Everest, FOOD RETAILING (2) Brake Bros., Park, HEALTH & HOUSEHOLD (2) Astra, B. Medeva, INVESTMENT TRUSTS (8) China & Eastern, Contra-Cyclical Zero Prf., Drayton Blue Chip Zero Prf., Flmg. Intl. High Zero Prf., General Cons. Stppd. Prf., Independent Inv., Scot. Value, TR Tech. Zero Prf., MEDIA (4) Central ITV, Headline Book Publs., News Intl., Tyne Tees, MOTORS (1) Central Motor Auctn., PACKAGING, PAPER & PRINTING (2) British Polythene, Smurfit (J) 9¾pc Cv., STORES (2) Liberty, Do. N/V, TRANSPORT (1) Cathay Pacific.
NEW LOWS (50).
BUILDING MATERIALS (1) Sheffield Insts., CONGLOMERATES (2) Reece, Ropner A, CONTRACTING & CONSTRUCTION (2) Dean & Bowes, NSM, ELECTRONICS (3) P-E Intl., Sanderson, Sema, ENGINEERING AEROSPACE (2) Dowty, Westland, ENGINEERING GENERAL (2) MS Intl., Silvermines, FOOD MANUFACTURING (1) Northumbrian, HOTELS & LEISURE (2) Stakis, Tottenham Hotspur, INSURANCE BROKERS (2) Durham (DG), Sturge, INVESTMENT TRUSTS (5) Contra-Cyclical, Flmg. High Inc., M & G Inc., North Amer. Gas, Do. Wrrnts., METAL & METAL FORMING (1) Downiebrae, MISCELLANEOUS (2) Bullers, Futura, MOTORS (1) TLS Range, OIL & GAS (2) Bow Valley, Triton Europe, OTHER FINANCIAL (4) Cambridge, King & Shaxson, Natl. Home Loans 7½pc Prf., World Tst. Fd., OTHER INDUSTRIAL MATERIALS (1) Headway, PACKAGING, PAPER & PRINTING (3) Wace, Do. 8pc Prf., Wentworth Intl., PROPERTY (7) Cabra Ests., Cap. & Counties, Chesterfield 5.25pc Prf., London Securities 8¼pc Prf., MEPC, Slateland, Wates City of Lon., TEXTILES (2) Alexandra Workwear, Vivat, MINES (5) Bulfels, Dominion, ERGO, Northgate Explr., Stilfontein.

RISES AND FALLS YESTERDAY

	On Friday Rises	On Friday Falls	On Friday Same	On the week Rises	On the week Falls	On the week Same
British Funds	29	34	17	191	70	138
Other Fixed Interest	6	1	10	37	16	32
Commercial, Industrial	195	344	940	1,178	1,515	4,706
Financial & Property	78	169	544	522	681	2,756
Oil & Gas	16	26	50	68	122	266
Plantations	0	0	9	0	1	44
Mines	12	56	82	110	225	417
Others	36	58	25	167	302	159
Totals	372	688	1,677	2,273	2,932	8,518

TRADING VOLUME IN MAJOR STOCKS

	Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change
ADT	79	420	-20	Cookson	300	114		Lucas	2,500	114	-1	Shell Transport	3,100	477	-1
ASDA Group	6,800	36½		Courtaulds	825	515	-1	MB Caradon	437	258	-4	Siebe	319	580	+1
Abbey National	1,400	292	-1	Dalgety	1,800	385	+5	MEPC	935	369	-1	Slough Ests	689	[illegible]	
Albert Fisher	1,100	86	-2	De La Rue	86	530		Manweb	352	322	+8	Smith (W.H.) A	1,600	454	-4
Allied–Lyons	1,800	619	-3	Dixons	1,300	238	-2	Marks & Spencer	1,800	304		Smith & Nephew	2,700	145½	-1
Amstrad	2,700	28	-1	ECC Group	949	488	-1	Midland Bank	1,200	234	+4	SmKl Beecham	1,000	953	-8
Anglian Water	1,100	353	+1	Eastern Elect.	1,400	237	+8½	Midlands Elect	308	269	+2	SmKl Beecham Uts	143	[illegible]	-45
Argos	2,300	280		East Midland Elect.	143	253	+5	NFC	608	241	-4	Smiths Inds	2,800	275	-4
Argyll Group	2,800	304	-4	Enterprise Oil	919	426	-9	NatWest Bank	4,900	264	-6	Southern Elect.	682	273	+9
Arjo Wiggins	308	280	-2	Eurotunnel Units	1,000	465	+10	National Power	1,000	220	-2½	South Wales Elect	30	310	+7
Ass. Brit. Foods	88	455	-6	FKI	3,600	59½	-1½	Next	3,300	68½	-1	South West Water	705	335	-3
BAA	1,000	570	+3	Ferranti	1,700	5½		North West Water	408	359	-1	South West. Elect	398	[illegible]	[illegible]
BAT Inds.	757	682	-1	Fisons	1,500	377	-2	Northern Elect	844	278	+10	Southern Water	943	333	-1
BET	4,400	151	-2	Forte	2,100	219	-4	Northern Foods	200	574	-3	Standard Chartd.	837	424	+4
BICC	471	322	-1	Gen. Accident	379	430	+2	Norweb	831	302	+6	Storehouse	2,000	107	-1
[illegible]															
Br. Telecom New	10,000	124		Kingfisher	1,600	516	-9	Royal Insurance	366	243	-4	Warburg (SG)	738	573	-17
Bunzl	86	84		Ladbroke	4,300	207	-1	Saatchi	4,600	13¾		Wellcome	513	1120	+6
Burmah Castrol	365	480	-5	Land Securities	475	460	-1	Sainsbury	2,200	371		Welsh Water	480	372	
Burton	2,700	39½	+½	Laporte	116	601	-5	Scottish & New.	888	430	+1	Wessex Water	701	413	-1
Cable & Wire.	1,500	579	-1	Legal & General	256	358	-3	Scot. Hydro–Elect	1,400	102½		Whitbread 'A'	1,500	448	-5
Cadbury Schweppes	1,260	450	-1	Lloyds Abbey	417	377	-3	Scottish Power	3,400	100	+½	Williams Hldgs.	815	318	-2
Calor Group	1,600	204	-5	Lloyds Bank	3,000	383	-4	Sears	4,100	102½	+½	Willis Corroon	632	240	-3
Carlton Comms.	510	543	+½	LASMO	2,500	232	-3	Sedgwick	830	214	-3	Wimpey	1,200	111	-2
Coats Viyella	367	181		London Elect.	1,000	357	+7	Seeboard	201	261	+7	Yorkshire Elect.	1,800	312	+7
Comm. Union	1,000	455		Lonrho	6,800	119		Severn Trent Water	626	331		Yorkshire Water	236	377	

Based on the trading volume for a selection of Alpha securities dealt through the SEAQ system on Tuesday until 4.30pm. Trades of one million or more are rounded down.

EQUITY FUTURES AND OPTIONS TRADING

THE POOR world economic outlook led to a dull and featureless trading session in stock index futures, writes Joel Kibazo. Dealing in the March contract opened at 2,560 but light selling soon sent it lower to touch 2,550.

A modest rally was attempted around 9am when March rose to 2,562 but the gloomy outlook soon sent the contract into retreat once again.

The disappointing US jobless figures, together with the poor Wall Street performance, only served to increase the selling of the contract.

March eventually closed at 2,545, down 22 on the previous session and 9 points below its estimated fair value premium to cash of 16. Volume reached just under 5,000 contracts.

In traded options, turnover at 29,858 contracts was just shy of the 30,000 break-even level as dealers reported increased activity in the stock options.

The FTSE 100 index option traded 6,602 contracts. Among the stock options, BTR was particularly busy, trading 2,724 lots with the February 420 calls the busiest series.

This was followed by Forte, which traded 1,818 lots with 220 puts. Also busy was Hanson in which 1,694 contracts changed hands.

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
AUSTRALIA		10.000	10/02	98.8805	+0.319	10.17	10.12	9.48
BELGIUM		9.000	06/01	102.2000	+0.250	8.64	8.62	8.73
CANADA *		8.500	04/02	101.7600	+0.300	8.24	8.36	7.86
DENMARK		9.000	11/00	102.8000	+0.280	8.52	8.50	8.59
FRANCE	BTAN	8.500	03/97	99.2913	+0.122	8.66	8.61	8.90
	OAT	8.500	11/02	100.3500	+0.100	8.44	8.38	8.49
GERMANY		8.000	01/02	100.8900	+0.160	7.87	7.88	7.89
ITALY		12.000	02/02	98.4800	+0.160	12.27	12.24	0.00
JAPAN	No 119	4.800	06/99	95.2823	+0.152	5.71	5.67	5.58
	No 129	6.400	03/00	105.8601	+0.235	5.36	5.34	5.32
NETHERLANDS		8.250	02/02	99.6300	+0.270	8.31	8.35	8.32
SPAIN		11.300	01/02	102.5300	+0.100	10.86	10.82	11.17
UK GILTS		10.000	11/96	101-27	-1/32	9.50	9.59	9.76
		9.750	08/02	102-19	-6/32	9.36	9.41	9.47
		9.000	10/08	98-18	-12/32	9.17	9.19	9.28
US TREASURY *		7.500	11/01	102-20	+20/32	7.12	7.30	6.75
		8.000	11/21	103-12	+22/32	7.71	7.79	7.39

London closing, *denotes New York morning session. Yields: Local market standard. Prices: US, UK in 32nds., others in decimal. Technical Data/ATLAS Price Sources

FT-A INDICES LEADERS AND LAGGARDS

Percentage changes since December 31 1991 based on Thursday February 6 1992

Merchant Banks	+	8.22	Transport	+	2.71
Building Materials	+	8.15	500 Share Index	+	2.47
Water	+	7.99	Insurance Brokers	+	2.42
Engineering-General	+	6.88	Banks	+	2.26
Metals & Metal Forming	+	6.59	All-Share Index	+	2.14
Stores	+	6.36	Contracting, Construction	+	2.10
Electricals	+	6.17	Health & Household	+	1.88
Packaging, Paper & Printing	+	5.81	Food Manufacturing	+	1.84
Chemicals	+	5.74	Other Groups	+	1.77
Other Industrial Materials	+	5.49	Investment Trusts	+	1.32
Brewers & Distillers	+	5.46	Engineering-Aerospace	+	0.90
Capital Goods	+	5.44	Telephone Networks	+	0.14
Media	+	5.24	Financial Group	-	0.02
Motors	+	4.89	Electricity	-	0.33
Hotels & Leisure	+	4.64	Conglomerates	-	1.29
Food Retailing	+	4.06	Business Services	-	1.72
Consumer Group	+	3.90	Property	-	2.39
Electronics	+	3.87	Insurance (Composite)	-	3.30
Textiles	+	3.73	Oil & Gas	-	5.32
Gold Mines Index	+	3.64	Insurance (Life)	-	6.18
Industrial Group	+	3.53			

COMMODITIES

WEEK IN THE MARKETS

Russian statement lifts aluminium

CAUTIOUS OPTIMISM returned to the London Metal Exchange aluminium market this week after a Russian diplomat suggested that the flood of metal from his country that had been weighing down prices was over.

Russia "did not supply even one tonne of aluminium in January", Mr Pavel Smirnov, counsellor at the Russian mission to the European Community in Brussels, told the Reuter news agency. "It is not in our interests to supply the market at low prices," he added.

Mr Nick Moore, analyst at the Ord Minnett trade house commented that this confirmed observations of significantly reduced rises in LME warehouse stocks of aluminium so far this year. Late last year, he noted, rises in the exchange's twice weekly stocks reportings had been running at between 15,000 and 32,000 tonnes a time, but in January the rate had slowed to a little over 6,000 tonnes. "It would seem," he said, "that the metal which has been coming onto the exchange represents vestigial 1991 material in the pipeline."

Mr Moore also found comfort in Mr Smirnov's observation that "it is hardly possible to imagine exports [of aluminium] rising [in 1992] because of many problems with raw materials supply".

While counselling caution, "because rhetoric can often belie future actions", he said: "This latest view, the announcement. . . about Norilsk [the biggest Russian smelter of nickel] more sensitively marketing its nickel in 1992 and other factors such as de-stocking, demilitarisation etc. do lend weight to our view that CIS shipments of metal to the west in 1992 will prove to be lower and less debilitating than the 1991 experience".

LME WAREHOUSE STOCKS (As at Thursday's close) tonnes		
Aluminium	+6,950	to 1,070,150
Copper	+1,625	to 310,225
Lead	+300	to 130,850
Nickel	+246	to 18,744
Zinc	+5,850	to 174,925
Tin	-690	to 13,010

The market's response to Mr Smirnov's statement was to lift the cash aluminium price from the low of $1,207 reached in mid-week to $1,249.50 a tonne at yesterday's close, up $28 on balance.

The Norilsk factor has also helped to get the nickel market back on its upward course late in the week. News that a compromise had been reached in the German steel industry dispute lifted values on Monday, although traders had already been playing down the likely impact of the threatened stoppage on overall European nickel demand (steel-making is the main end use for nickel). But a renewed retreat took the cash price to a low of $7,615 a tonne on Wednesday before it rallied to close yesterday at $7,895 a tonne, up $230 on the week.

At the London bullion market the star performer was platinum, which re-established its price premium over gold. Once again the prospect of production cuts at Norilsk, where platinum is produced as a by-product of nickel, played a part in the rise, which took the price to $369 a troy ounce, up $20.75 on the week. Further impetus was provided by speculative activity at the New York Mercantile Exchange, encouraged by bullish chart patterns, and by talk that Impala of South Africa, the second biggest producer, had been buying platinum to cover supply commitments.

Some traders were dubious, however, about the prospect for further gains, arguing that the market was overbought and that "stale bull liquidation" was likely to emerge on any approach to the $380-an-ounce level.

At the London Futures and Options Exchange coffee prices continued to fall early in the week as any lingering hopes of real progress at this week's International Coffee Organisation meeting in London evaporated. Assessment of the market situation and consideration of possible measures to improve it has been left to a working group. The group ended its meeting yesterday morning and will meet not again until April 3, when it will prepare a report for presentation at the ICO meeting scheduled for April 6-10.

Mr Nestor Osorio, Colombia's permanent London representative yesterday dismissed the meeting as "an intellectual gymnastic excercise on a static bicycle".

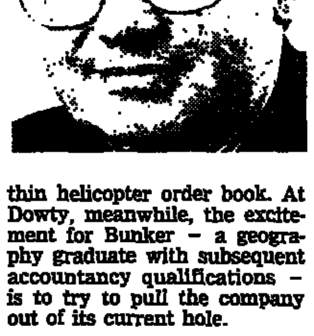
Prices steadied in mid-week but were on the retreat again yesterday, when the May robusta price ended $12 lower at $886 a tonne, down $20 on the week.

Cocoa prices were also under pressure and the May delivery position finished £48 down on the week at a five-month low of £713 a tonne. Dealers blamed persistent trade selling and investment fund liquidation encouraged by reports of higher-than-expected arrivals of Ivorian beans and bearish chart patterns.

Richard Mooney

APPOINTMENTS

Bunker's Dowty move



Christopher Bunker, finance director at Westland, is leaving the Yeovil-based helicopter manufacturer after a 21-year stint for a potentially much bumpier ride at Dowty, the aerospace components manufacturer in Cheltenham.

While three times the size of Westland in market capitalisation terms, Dowty has also suffered severely from the recession. Its flamboyant chief executive Tony Thatcher quit for greener pastures last year and there have been persistent rumours that TI or Smith Industries might launch a bid. "I hope he's got a cast-iron contract," quipped one City observer, pointing out that a lot could have changed by the time Bunker, 45, arrives as group financial director at the beginning of August.

Westland, in turn, was evidently reluctant to let him go – his predecessor at Dowty, Reg Moore, who was due to retire in March, had hoped shortly to be on the ski slopes.

"Bunker is still quite a young man with tremendous energy," says Dowty. "We might be in a bad patch now. But that may be a good time to join. This is a very exciting company."

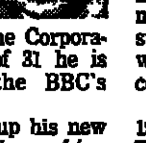
Westland, while relatively secure in the longer term, is in danger of treading water in the next two years with a very thin helicopter order book. At Dowty, meanwhile, the excitement for Bunker – a geography graduate with subsequent accountancy qualifications – is to try to pull the company out of its current hole.

■ The Stafford, the luxury London hotel in St James's Place, has brought in Alan FitzGerald as its new general manager, after French-Canadian Denis Beaulieu moved to the United States at the end of last year.

FitzGerald, a 53-year-old Irishman, spent four years as managing director of the Watergate Hotel in Washington which, like the Stafford, is owned by Cunard. When it was sold he became, briefly, resort director for the Quinta do Lago golf resort in the Algarve, before taking up the position at The Stafford.

Starting off in the hotel business at 17, FitzGerald has spent most of his career at Cunard or its parent Trafalgar House. For six years he was hotel director of the Cunard line of ships, where he was among other things in charge of the renovation of the QE2 on its return from the Falkland Islands campaign.

Young blood at the BBC



Michael Stevenson, deputy editor of BBC Television's On The Record programme, is to become the 11th secretary of the Corporation. At the age of 31 he is believed to be the BBC's youngest secretary.

Stevenson takes up his new job – which entails working closely with the BBC Governors and board of management in policy-making and implementation – on Monday in succession to John McCormick, who was recently appointed controller of BBC Scotland.

Starting his BBC career in 1983 as a trainee producer in Radio Sport and Outside Broadcasts, Stevenson moved to News and Current Affairs in 1988; he was also chief assistant to the Policy and Planning Unit before moving to On The Record.

A colleague says Stevenson is "cool, with lots of political acumen and a maturity beyond his years" – attributes that have clearly attracted the attention of John Birt, the deputy director general.

He hails from Staffordshire and and was educated at Doncaster Grammar School and Christ Church, Oxford.

■ The task of setting up a new government agency to handle planning appeals in England and Wales has been given to an insider. Stephen Crow, who currently heads the planning inspectorate division of the Department of the Environment, will be chief executive and chief inspector of the Planning Inspectorate when it becomes an executive agency on April 1.

Crow will head the organisation which manages the work of 800 inspectors and other staff from its Bristol headquarters. He will be responsible for the day-to-day running of the Planning Inspectorate, under the same terms as apply to more than 50 other organisations with agency status.

Crow, 57, is a fellow of the Royal Town Planning Institute. He joined the Planning Inspectorate after a career in town planning at local government level, and was appointed Chief Planning Inspector in 1988.

Departures

■ Wm Low, the Scottish grocery chain, announced after the close of the market yesterday, that Colin Mitchell, md of its Supermarkets division, would leave the company after being "unable to resolve the future role he would play in the organisation".

The timing and phrasing of the announcement has all the classic ingredients of an attempt to hush-up a boardroom row. It is believed that the forthright Mitchell clashed with James Millar, chairman and chief executive, over their areas of responsibility. Mitchell has worked at Wm Low since 1974, becoming md of supermarkets in 1990.

■ Geoffrey Primack has resigned from FROMINSTER.

■ Robert Strachan is to retire from the WARD Group.

■ Alan Styles has resigned from STAVELEY INDUSTRIES.

■ Charles Maxwell is resigning from MATTHEW CLARK.

■ Frank Carr, a director of DALEPAK FOODS, died on January 24.

■ Arthur Boanas has retired from NEWTON Investment Management.

■ Michael Towers has retired from HTV.

■ Malcolm Jardine is taking early retirement from BEAZER Technical Services at the end of April.

■ Richard Wells and Robin Cullen have resigned from WINDSOR.

■ Peter Scanlon has resigned from GESTETNER.

■ Peter Armitage and Bernard Hall have retired from API.

■ Ron Coles, group md of MIDLANDS RADIO, has resigned.

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AUTHORISED UNIT TRUSTS

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (♣) - 1101 to 1400 hours; (♦) - 1401 to 1700 hours; (♠) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 1QH
Tel: 071 – 379 – 0444.

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	Unit Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Sovereign Unit Tst Mngrs Ltd (1000)F						
12 Christchurch Rd, Bournemouth 0202 298422						
Cash	1	50.47	50.47	50.97	+0.01	10.3
Capital Primrose	5¼	48.22	48.53xd	51.77	-0.06	9.03
Ethical	5¼	47.82	48.74	51.85	-0.35	4.93
European Growth	5¼	47.67	47.87	51.06	+0.07	3.0
Income	5¼	45.31	45.83	48.89	-0.22	8.44
Intl Growth	5¼	65.88	65.93	70.33	+0.05	3.17
Managed	5¼	57.98	58.32	62.21	-0.19	4.56
UK Growth	5¼	48.56	49.16xd	52.44	-0.42	5.90
Standard Chartered Equitor (1200)F						
69 Old Broad Street, EC2M 1QS 071-280 6521						
Mngd Exempt Acc	5	194.6	196.7xd	204.8	-0.1	3.06
Do Income	5	182.1	184.0xd	191.6	-0.1	3.06
Standard Life Tst Mgmt Ltd (0629)H						
3 George St, Edinburgh EH2 2XZ 0800 393777						
Managed Acc	5¼	36.11	36.11	38.37	-0.1	2.41
UK Equity Gth Acc	5¼	49.12	50.05	53.18	-0.5	1.89
UK Eq High Inc Inc	5¼	28.45	29.13	30.96	-0.2	6.24
UK Eq High Inc Acc	5¼	31.99	32.77	34.82	-0.2	6.24
UK Equity Gen Acc	5¼	45.77	46.52	49.43	-0.2	3.45
UK Equity Gen Inc	5¼	35.81	36.40	38.68	-0.2	3.45
UK Larger Cos Acc F	7½	302.5	306.3	332.4	-1.6	4.79
UK Larger Cos Inc F	7½	243.5	246.7	267.7	-1.2	4.79
Gilt & Fxd Int Inc	5¼	28.29	28.36	30.00	--	7.40
O'seas Larg Cos Acc F	7½	211.6	215.3	233.5	-0.7	2.01
Nth American Acc	5¼	35.69	35.65	38.10	-0.3	0.69
Far East Acc	5¼	39.68	40.70	43.25	-0.1	0.07
European Acc	5¼	34.79	36.10	38.36	--	1.67
Stewart Ivory Unit Tst Mgrs Ltd (1200)H						
45 Charlotte Sq, Edinburgh 031-226 3271						
American ▼	5	295.8	295.8	315.7	+0.1	0.73
(Accum Units) ▼	5	348.2	348.2	371.6	+0.1	0.73
British	5	794.9	807.9	854.8	-2.9	6.07
(Accum Units)	5	1306.0	1327.4	1404.4	-4.8	6.07
European	5	329.7	329.7	349.2	-0.9	1.43
(Accum Units)	5	357.4	357.4	378.5	-1.0	1.43
Japan	5	108.7	108.7	115.7	-0.4	-
(Accum Units)	5	109.6	109.6	116.6	-0.4	-
New Pacific	5	183.5	183.5	195.6	+1.4	1.78
(Accum Units)	5	188.5	188.5	200.9	+1.5	1.78
PEP Feb 5	5	148.8	150.3	159.0	--	3.94
Mngd Equity	5	124.7	125.8	133.1	-0.2	3.22
Mngd Equity Acc	5	132.3	133.5	141.2	-0.2	3.22
Mngd Cash	0	96.14	96.14	96.14	+0.2	10.30
(Accum Units)	0	118.5	118.5	118.5		[illegible]

	Bid Price	Offer Price	+ or -	Yield Gross
Funds in Court*				
Capital Jan 16	495.45	499.11	----	2.83
Gross Jan 16	170.31	171.68xd	----	11.36
High Yield Jan 16	280.23	282.47	----	7.79
* Restricted to monies under Court control				
Henderson Unit Trust Management Ltd				
Pensions Mngd	52.76	53.86	-0.18	3.89
INVESCO MIM Management Ltd				
Exempt Funds				
Intl Mngd P'Folio	1171.0	1265.0xd	---	-
Mngd Pens (Acc)	66.4	70.8	---	-
Lazard Brothers & Co. Ltd				
Property Sept 5	£2440.0	2680.0	----	7.00
Inc Gth Prp Jul 31	£1375.0	1460.0	----	8.90
Lazard Investors Ltd ##				
Exempt Funds				
Small Co's Feb 5	£3904.3	4075	---	3.90
European Feb 5	£573.0	579.5	----	1.51
American Feb 5	£360.2	363.3	----	2.24
Japan Feb 5	£468.6	473.9	---	1.37
Pacific Feb 5	£141.0	145.1	---	1.20
W Midlands Jan 31	£132.00	147.00	---	2.48
Local Authorities Mutual Invest. Tst.*				
2 Fore Street, London EC2Y 5AQ 071-588 1815				
Property Jan 31	196.75	200.75	---	7.93
Equity Jan 31	888.05	895.20		3.77
* Available only to Local Authorities				
M & G Securities Ltd				
Charibond Feb 6	103.62xd		---	10.41
(Accum Units)	627.48		-0.3	10.41
NAACIF Jan 28	40.03xd		---	9.62
Morgan Grenfell Investment Funds Ltd				
Exempt Funds				
UK Equity † Feb 4	127.9	137.7	---	1.97
UK Small Co † Feb 4	520.4	570.8	---	3.50
Fixed Interest † Feb 4	111.4	117.1	---	8.55
US Small Co Feb 4	176.8	189.0	---	0.00
Managed Feb 4	108.7	116.4	---	3.40
Intl Bond Feb 4	121.4	128.1	---	10.02
Japan Feb 4	70.62	75.31	---	3.90

INSURANCES

Century Life Plc
2 Eyre Street Hill, London EC1R 5AE 071-278 4488
City Of Edinburgh Life Assurance

Eagle Star Life Assurance Co Ltd
Bath Road, Cheltenham GL53 7LQ 0242 221 311

Guardian Royal Exchange
Royal Exchange, EC3 071-283 7101

Legal & General – Contd.

Manulife Group
St George's Way, Stevenage Enquiries 0438 356101

OTHER UK UNIT TRUSTS

Continued on next page

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OFFSHORE INSURANCES

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

CANADA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

GUERNSEY (REGULATED)(**)

IRELAND (SIB RECOGNISED)

IRELAND (REGULATED)(**)

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	Bid Price	Offer Price	+ or -	Yield Gross
Baring International Fd Mngrs (Ireland) Ltd				
Australia	$15.82	16.62	-0.01	2.02
Japan Tech	$57.13	59.99	+0.12	0.00
Japan Fund	$24.16	25.37	-0.11	0.00
Japan New Genrtn Fd	$18.76	19.70	+0.04	0.00
Malay Sing	$60.48	63.51	+0.20	0.00
Nth America	$24.73	25.97	-0.01	0.00
Octopus Fund	$24.63	25.87	+0.11	0.53
Pacific Fd	$65.08	68.34	+0.44	0.97
International Bond	$17.66	18.55	+0.04	7.61
Europa Fund	$14.03	14.74	+0.07	0.75
British Screen Fd	£0.87	0.92	.....	1.72
Tristar Warrant	$12.78	13.42	+0.14	0.00
Hong Kong	$57.97	60.87	+0.52	1.20
Mngd Portfolio (Stg)	£4.14	4.46	(z)	0.00
Mngd Portfolio (DM)	$10.80	11.40	(z)	0.00
Currency Fd-Sterling	£20.05		.....	9.66
Currency Fd-US Dollar	$15.59		.....	4.50
Curr Fd-Deutschemark	DM41.51		+0.01	7.94
Curr Fd-Managed $	$46.33	48.64	+0.07	4.82
Baring Mutual Fund Mngmt (Ireland) Ltd				
New Asian Fund	$99.91		.....	0.00
Federated International Funds Plc				
Federated Short-term US Gov't Securities Fund				
Institutional Svc Series*	$1.00		(z)	3.85
Investment Series *	$1.00		(z)	3.75
Investment Gth Series	$100.08		(z)	4.15

* Annualised Yield

ISLE OF MAN (SIB RECOGNISED)

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
TSB Trust Funds – Contd.						
UK Equity	5	146.49	146.49	158.91	+0.21	0.87
International Equity	5	123.33	123.33	131.86	+0.12	0.00
Far Eastern	5	90.78	90.78	97.51	-0.17	0.00
European	5	88.63	88.63	93.84	-0.30	0.00
Pan American	5	177.06	177.06	188.24	+0.75	0.00
TSB Gilt Fund Ltd						
Quarterly Share	3	99.05	99.05	102.37	+0.25	9.77
Monthly Share	3	97.75	97.75	101.00	+0.14	9.90

JERSEY (REGULATED)(**)

	Bid Price	Offer Price	+ or -	Yield Gross
Barclays Intl Funds				
Currency Funds				
Sterling	£21.84		+0.01	9.7
US Dollar	$31.72		+0.02	3.1
Deutschemark	DM56.39		+0.01	8.3
Yen	Y4,096		.....	4.0
Managed Multicurrency	£13.21	13.68	-0.03	-
Managed Multicurrency	$25.46	26.36	.....	-
Bond Funds				
Sterling Bond	£0.423	0.440	+0.001	10.6
US Government Income	$100.47	104.04	-0.04	6.7
Asian Selection Funds				
Hong Kong	$15.251	16.094	+0.163	3.0
Indonesia	$8.512	8.960	+0.133	2.5
Korea	$10.288	10.829	-0.007	2.5
Malaysia	$10.861	11.433	+0.293	0.5
Philippines	$12.537	13.197	-0.022	2.5
Singapore	$12.223	12.866	-0.064	1.0
Thailand	$13.372	14.076	+0.076	2.5

Abtrust Fund Mngrs Luxembourg SA – Contd.

Pacific Portfolio; Gold Portfolio; UK Growth of Income; Dollar Portfolio; Jap Small Cos P'folio; Sterling Portfolio [illegible]

Aetna Intl Umbrella Fund

47 Blvd Royal, PO Box 275, L-20[illegible]

ISLE OF MAN (REGULATED)(**)

JERSEY (SIB RECOGNISED)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

LUXEMBOURG (REGULATED)(**)

LUXEMBOURG (SIB RECOGNISED)

MANAGED FUNDS NOTES

WORLD STOCK MARKETS

US MARKETS (3:00 pm)

[illegible]

AUSTRIA

[illegible]

BELGIUM/LUXEMBOURG

[illegible]

DENMARK

[illegible]

FINLAND

[illegible]

FRANCE

[illegible]

FRANCE (continued)

[illegible]

GERMANY

[illegible]

GERMANY (continued)

[illegible]

ITALY

[illegible]

NETHERLANDS

[illegible]

NORWAY

[illegible]

SPAIN

[illegible]

SWEDEN

[illegible]

SWEDEN (continued)

[illegible]

SWITZERLAND

[illegible]

SOUTH AFRICA

[illegible]

CANADA (3:00 pm)

[illegible]

JAPAN

[illegible]

AUSTRALIA

[illegible]

HONG KONG

[illegible]

MALAYSIA

[illegible]

SINGAPORE

[illegible]

Price data supplied by Telekurs.

NOTES – Prices on this page are as quoted on the individual exchanges and are last traded prices. [illegible]

INDICES

NEW YORK

DOW JONES	Feb 6	Feb 5	Feb 4	Feb 3	1992 HIGH	1992 LOW	Since compilation HIGH	Since compilation LOW
♦Industrials	3255.59	3257.60	3272.81	3234.12	3272.81 (4/2)	3172.41 (2/1)	3272.81 (4/2/92)	41.22 (2/7/32)
Home Bonds	99.81	99.49	99.11	98.77	99.81 (6/2)	98.77 (3/2)	99.81 (6/2/92)	54.99 (1/10/81)
Transport	1392.19	1383.41	1368.27	1362.48	1445.81 (16/1)	1342.12 (2/1)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	207.81	207.75	209.00	208.88	225.59 (3/1)	207.75 (5/2)	236.23 (2/1/90)	10.50 (8/4/32)

♦Day's High 3285.55 (3299.87) Low 3224.96 (3233.68)

STANDARD AND POOR'S

	Feb 6	Feb 5	Feb 4	Feb 3	1992 HIGH	1992 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	413.82	413.84	413.85	409.53	420.77 (15/1)	408.78 (31/1)	420.77 (15/1/92)	4.40 (1/6/32)
Industrials	492.61	492.88	492.64	486.98	499.27 (15/1)	485.57 (31/1)	499.27 (15/1/92)	3.62 (21/6/32)
Financial	34.35	34.20	34.19	33.70	35.14 (15/1)	33.53 (31/1)	36.24 (9/10/89)	8.64 (1/10/74)
NYSE Composite	228.96	228.87	228.79	226.61	231.85 (15/1)	226.20 (31/1)	231.85 (15/1/92)	4.46 (25/4/42)
Amex Mkt. Value	416.25	415.24	413.68	411.32	416.25 (6/2)	395.51 (2/1)	416.25 (6/2/92)	29.31 (9/12/72)
NASDAQ Composite	637.67	636.97	631.00	623.43	637.67 (6/2)	586.45 (2/1)	637.67 (6/2/92)	54.87 (31/10/72)

	Jan 31	Jan 24	Jan 17	year ago (approx.)
Dow Industrial Div. Yield	2.88	2.87	2.83	3.70

	Feb 5	Jan 29	Jan 22	year ago (approx.)
S & P Industrial div. yield	2.56	2.59	2.53	3.20
S & P Indl. P/E ratio	25.43	25.10	25.60	16.58

NEW YORK ACTIVE STOCKS

Thursday	Stocks traded	Closing price	Change on day
Owens Corn	4,666,700	36⅝	+ 7¾
Citicorp	3,901,400	16⅞	+ 1
RJR Nabisco	2,968,700	11	----
Contl Bank	2,935,300	15	+ 1
Fed Dept	2,848,200	16⅞	- ⅛
Acuson Corp	2,674,600	23½	+ ⅝
Telefonos	2,632,700	51¼	+ 1⅝
Dresser	2,589,900	20⅝	+ 1¼
Nat Semi	2,506,000	9⅝	----
Glaxo	2,288,200	30½	- ¼

TRADING ACTIVITY

† Volume Millions	Feb 6	Feb 5	Feb 4
New York SE	238.180	261.960	231.490
Amex	19.112	19.345	19.987
NASDAQ	244.208	(u)	226.149
NYSE			
Issues Traded	2,174	2,195	2,195
Rises	901	959	1,104
Falls	769	747	611
Unchanged	504	489	480
New Highs	139	154	118
New Lows	14	13	7

CANADA

TORONTO	Feb 6	Feb 5	Feb 4	Feb 3	1992 HIGH	1992 LOW
Metals & Minerals	2998.11	2984.43	3033.86	3029.84	3238.87 (16/1)	2935.22 (2/1)
Composite	3606.70	3605.92	3618.07	3594.40	3666.00 (16/1)	3493.66 (2/1)
MONTREAL Portfolio	1881.95	1885.25	1896.10	1887.57	1937.59 (16/1)	1856.55 (2/1)

Base values of all indices are 100 except NYSE All Common – 50; Standard and Poor's – 10; and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

	Feb 7	Feb 6	Feb 5	Feb 4	1992 HIGH	1992 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	1590.9	1594.6	1602.9	1600.3	1675.60 (15/1)	1580.90 (7/2)
All Mining (1/1/80)	675.6	673.7	678.2	675.8	703.50 (20/1)	660.30 (2/1)
AUSTRIA						
Credit Aktien (30/12/84)	428.90	428.09	427.42	421.49	428.90 (7/2)	372.24 (2/1)
Traded Index (2/1/91)	1022.88	1023.17	1020.89	1009.20	1023.17 (6/2)	901.64 (2/1)
BELGIUM						
BEL20 (1/1/91)	1170.78	1172.78	1170.82	1170.57	1183.78 (28/1)	1097.23 (8/1)
DENMARK						
Copenhagen SE (3/1/83)	360.32	361.41	362.24	362.43	365.29 (15/1)	354.37 (2/1)
FINLAND						
HEX General (28/12/90)	889.3	884.0	884.3	888.4	894.50 (16/1)	779.00 (2/1)
FRANCE						
CAC General (31/12/82)	501.69	502.46	501.55	499.23	508.41 (29/1)	475.53 (2/1)
CAC 40 (31/12/87)	1861.61	1860.61	1865.79	1856.48	1890.60 (28/1)	1749.91 (2/1)
GERMANY						
FAZ Aktien (31/12/58)	687.40	689.15	687.16	683.73	689.15 (6/2)	643.26 (8/1)
Commerzbank (1/12/53)	1946.00	1949.2	1943.10	1933.90	1949.50 (3/2)	1813.80 (8/1)
DAX (30/12/87)	1685.52	1681.13	1686.62	1676.40	1689.81 (3/2)	1578.73 (8/1)
HONG KONG						
Hang Seng Bank (31/7/64)	4711.37	(c)	(c)	(c)	4711.37 (7/2)	4301.78 (2/1)
IRELAND						
ISEQ Overall (4/1/88)	1443.66	1448.36	1452.36	1451.83	1469.57 (17/1)	1391.49 (8/1)
ITALY						
Banca Com. Ital. (1972)	547.58	551.99	550.71	545.26	551.99 (6/2)	507.43 (2/1)
MIB General (2/1/87)	1079.0	1085.0	1086.0	1076.0	1086.00 (5/2)	981.00 (2/1)
JAPAN						
Nikkei (16/5/49)	22107.12	22104.92	21956.37	21999.60	23801.18 (6/1)	20858.30 (21/1)
Tokyo SE (Topix) (4/1/68)	1627.42	1631.25	1626.05	1628.86	1763.43 (6/1)	1569.43 (21/1)
2nd Section (4/1/68)	2453.71	2450.17	2429.83	2410.39	2459.85 (6/1)	2283.71 (28/1)
MALAYSIA						
KLSE Composite (4/4/86)	589.84	575.81	(c)	(c)	589.84 (7/2)	546.63 (14/1)
NETHERLANDS						
CBS Ttl.Rtn.Gen.(End 1983)	287.1	287.6	287.3	287.0	289.10 (21/1)	274.00 (8/1)
CBS All Shr (End 1983)	201.6	202.0	201.8	201.6	203.80 (21/1)	192.40 (8/1)
NORWAY						
Oslo SE (Ind) (2/1/83)	704.60	710.38	716.15	713.19	748.03 (17/1)	678.99 (2/1)
PHILIPPINES						
Manila Comp (2/1/85)	1253.97	1252.37	1246.87	1261.94	1303.30 (17/1)	1172.78 (2/1)
SINGAPORE						
SES All-Singapore (2/4/75)	413.33	414.59	(c)	(c)	416.99 (21/1)	401.19 (2/1)
SOUTH AFRICA						
JSE Gold (28/9/78)	1297.0	1299.0	1270.0	1268.0	1327.00 (21/1)	1119.00 (2/1)
JSE Industrial (28/9/78)	4405.0	4469.0	4436.0	4407.0	4535.00 (15/1)	4169.00 (2/1)
SOUTH KOREA**						
Korea Comp Ex. (4/1/80)	690.99	698.04	(c)	691.37	691.37 (1/2)	604.63 (15/1)
SPAIN						
Madrid SE (30/12/85)	256.11	256.61	257.42	257.15	258.50 (15/1)	238.93 (2/1)
SWEDEN						
Affarsvariden Gen. (1/2/37)	966.80	968.8	970.3	969.6	989.20 (20/1)	913.70 (2/1)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	784.1	782.6	778.5	775.2	784.10 (7/2)	748.50 (8/1)
SBC General (1/4/87)	631.8	631.1	629.2	626.9	631.80 (7/2)	601.10 (8/1)
TAIWAN**						
Weighted Price (30/6/66)	5257.37	(c)	(c)	(c)	5391.63 (30/1)	4692.17 (6/1)
THAILAND						
Bangkok SET (30/4/75)	780.08	771.09	763.41	769.72	781.63 (24/1)	711.81 (3/1)
WORLD						
M.S. Capital Intl.(1/1/70) ($)	529.6*	528.6	527.7	527.0	542.10 (7/1)	520.10 (13/1)
Euro Top-100 (26/6/90)	914.06	916.50	919.14	915.50	923.61 (28/1)	870.31 (2/1)

**Saturday February 1: Taiwan Weighted Price (c). Korea Comp Ex. 691.37.
♦ Subject to official recalculation. *Calculated at 15.00 GMT.
Base values of all indices are 100 except: Austria Traded, BEL20, HEX Gen., MIB Gen., Euro Top-100, ISEQ Overall and DAX – 1,000. JSE Gold – 255.7, JSE 26 Industrials – 264.3 and Australia All Ordinary and Mining – 500; (c) Closed. (u) Unavailable.

WORLD STOCK MARKETS

AMERICA

Dow falls as Federal Reserve refuses to act

Wall Street

GLOOM returned to the equity market yesterday morning after the Federal Reserve signalled that it had not changed monetary policy, in *spite of an* unexpected decline in employment in January, *writes Karen Zagor in New York.*

The market had expected the *January employment* report to show an increase of about 30,000 in non-farm payrolls. Instead, the figure tumbled by 91,000. The decline sparked renewed *speculation* that the Fed would try to stimulate the economy by cutting its target for Fed Funds.

Although it is still widely believed that there will be further monetary easing in the coming weeks, the Fed indicated yesterday morning that it had not changed *its 4 per* cent target for Fed Funds.

At 1.30pm, the Dow Jones Industrial Average was 40.03 lower at 3,215.56, after an *initial rise of some 14 points* before the Fed's intervention. Declines led advances by three to one. The more representative Standard & Poor's 500 was 4.02 lower at 409.80 *at 1pm and* the Nasdaq composite slid 3.82 *to 633.85. The Dow, which* eased 2.01 to 3,255.59 on Thursday, started the week at 3,223.39.

The bond market was *similarly affected yesterday.* The treasury's benchmark 30-year bond, which rallied nearly 1 point on the back of the employment numbers, was *quoted ⅛ lower at 102¾, yielding* 7.77 per cent at mid-session.

Among declining blue chip issues, Philip Morris lost $2¼ to $75¾, IBM fell $1 to $88⅞ and Merck slid $2¼ to $153½. Lockheed added $1 to $43 after the company said that it was comfortable with earnings estimates of between $5.30 and *$5.80 a share for 1992.*

The bank stock rally ran out of steam yesterday. Citicorp eased $⅛ to $16⅞ and Chemical Bank fell $¼ to $30⅞.

Relief that Owens Corning had taken a smaller-than expected charge to cover asbestos-related claims helped shares in the fibrous glass products manufacturer add $¼ to $36⅞ after jumping $7⅞ on Wednesday.

In the secondary market, Immunex tumbled $4¾ to $58⅞ on news that the biotech company will raise its research spending by 50 per cent. Immunex posted fourth quarter earn*ings of 21 cents a share yesterday* against a loss of 63 cents a year earlier.

THE CARACAS stock market closed yesterday with only "a slight decline" from the previous day, according to Mr Mario D'Alfonso, at the brokers Rafael Alcantara, writes Joe Mann. On Thursday, when the market reopened after Tuesday's *unsuccessful* military uprising, 22 stocks fell, four were stable and one (Banco Caracas) gained.

Yesterday, small investors *first pushed down share prices* sharply, but most had recovered by the close, Mr D'Alfonso said. However, foreign investors had additional worries. On the Caracas foreign exchange market, the Venezuelan bolivar took a beating, falling almost 3 per cent against the US *dollar on Thursday.*

Canada

TORONTO stocks eased back *from their early gains and* were mixed at midday, keeping within a narrow range. The TSE 300 composite index slipped 2.6 to 3,604.1. Advances *led* declines by *218* to *197* in volume of 15m shares valued at C$149.8m.

Mitel Corp, a small telecommunications company, topped the most active list for a second straight session, rising 17 cents or 10.3 per cent to C$1.82 in volume of 1.7m shares, on renewed takeover speculation. *Mitel is 51* per cent owned by British Telecommunications.

EUROPE

Bourses concentrate on individual issues

BOURSES concentrated on individual issues yesterday, *writes Our Markets Staff.*

FRANKFURT reported thin turnover as a single order for Volkswagen pushed the shares up DM5 to DM342 and helped the DAX index to close 4.39 higher at 1,685.52, down 0.2 per cent on the week. At midsession the FAZ was 1.75 lower at 687.40, up *0.6 per cent on the* week.

Volume fell from DM8bn to DM4.6bn. Apart from continued gains in construction, where Bilfinger & Berger rose DM17 to DM977 and Hochtief by DM29 to DM1,228, a feature of the day was the recovery of individual stocks after varying *periods of* severe pressure.

VW, one of the worst performing German blue chips in 1991, has recovered from a 1991 low of DM280 and its resilience yesterday was remarkable against an embattled background for the industry. Mercedes said on Thursday that it was reviewing methods of cutting production this year, and after hours yesterday BMW *said it would cut about 3,000* jobs by the end of this year.

In retailing, Asko added to another strong 1992 rebound with its shares up DM20 to DM720 against a *1992* low of DM607. The airline Lufthansa rose DM6 to DM157 after a three-day drop of DM30 to DM151 *on Thursday, after it* confirmed that 1991 results would show a DM400m loss against earlier hopes of a break-even.

PARIS *traded in a narrow* range which disguised volatility in some smaller stocks. The CAC 40 index ended 1.00 higher at 1,861.61, down 0.7 per cent *on the week, in turnover of* around FFr1.7bn.

The builder Spie Batignolles sank FFr18.80 or 5.8 per cent to FFr307 with 80,975 shares traded *following the news late* on Thursday that it was likely to have lost FFr950m last year, double market forecasts of losses of FFr400m. Schneider, *which has a controlling stake* in Spie, fell FFr5 to FFr616 with 130,275 shares traded.

Michelin ran into profit-taking after its recent gains, dropping *FFr3.90* or 2.4 per cent to FFr160.10 with 526,650 shares traded. But Valeo, the car components maker which has lagged behind Michelin, rose FFr24 or 3.6 per cent to FFr684 with a relatively heavy 66,600 *shares traded.*

Total built on overnight gains in New York, rising FFr17 to FFr1,059 with 79,050 shares traded. Its shares are due to be split into four on Monday.

MILAN closed weaker in thin pre-weekend trading. The Comit index fell 4.01 to 547.58, up 1.1 per cent on the week, in turnover estimated at less than *Thursday's L131.8bn.*

Fiat fell L89 during the session to L5,046, and lost another L6 after hours, depressed by the previous day's industry *data* which showed that its share of the domestic market was still declining.

But Generali and Mediobanca withstood selling pressure and gave some support to the market. Generali fell L90 to L31,100 while Mediobanca eased L80 to L15,670.

The telecoms sector fell 1.4 per cent in the wake of Thursday's confirmation of Stet's big *warrant bond issue. Stet and* Sip both fell L11 to L2,384 and L1,476 respectively.

OSLO was depressed by lower tanker rates and worries *about 1991* company results. The all-share index fell 3.66 to 434.43, down 2.8 per cent on the week.

Hafslund A shares rose NKr1 to NKr267 after announcing record profits on Tuesday, and *made up NKr50m of the total* turnover of NKr290m. Norsk Hydro fell NKr2.5 to NKr144 ahead of its results due on February 20.

AMSTERDAM followed the dollar lower. The CBS Tendency index fell 0.9 to 121.3, little changed on the week.

The national carrier KLM fell Fl *1.40* or 3.5 per cent to Fl 38.20 in heavy trading on reports that there was a delay in its agreement with British Airways.

The grocer Ahold gained 50 cents to Fl 81.00 in spite of the *weaker dollar, ahead of its* press conference on Monday at which it might announce another acquisition in the US.

ZURICH recovered on a boost from Wall Street after trading lower for most of the session. The all-share SPI index ended 1.1 up at 1,120.2 for a rise of almost 1 per cent on the week.

Leu Holding bearers rose SFr50 to SFr1,750. Its principal unit, Bank Leu, announced a *1991* net profit of *SFr33.1m* after SFr2.7m in 1990, when it had to make provisions of SFr61m for fraud.

STOCKHOLM was pushed *both ways*, up by Merrill Lynch's expressed liking for Astra and down by jitters ahead of next week's results from Ericsson. The *Affärsvärlden General index fell 2.0* to 966.8, down 0.3 per cent on the week. Astra B rose another SKr10 to SKr580 and Ericsson B closed steady at SKr118.

ISTANBUL jumped 4.5 per cent in active trade, on the second day of a correction after a 14.4 per cent fall in the seven trading days to Wednesday. The index closed at 4,576.13, up 195.09, but it was still 7.1 per cent down on the week.

FT-SE Eurotrack 100 - Feb 7							
Hourly changes							
Open	10 am	11 am	12 pm	1 pm	2 pm	3 pm	close
1137.72	1137.28	1138.03	1137.62	1137.70	1137.25	1136.99	1137.10
Day's High 1138.65				Day's Low 1134.22			
Feb 6	Feb 5	Feb 4	Feb 3	Jan 31			
1138.76	1138.71	1132.79	1134.04	1137.97			

Base value 1000 (26/10/90).

SOUTH AFRICA

JOHANNESBURG **fell from its early highs as the financial rand suffered further European selling. The overall index ended up 6 at 3,674, after a high of 3,688 while the all-gold index fell 2 to 1,297. Industrials rose 16 to 4,485.**

Osaka derivatives blamed for Tokyo market slump

Emiko Terazono reviews the Japanese equity scene

After starting the year on a bearish note, the *Tokyo stock market* has managed to brush off some of its pessimism with a little help from the authorities.

Efforts by the ruling Liberal Democratic Party (LDP) and the ministry of finance to reassure investors that they were concerned about the current slump have soothed their worries that the Nikkei average could plunge below 20,000.

Fears *mounted last month*, when Japanese equities failed to react either to the Bank of Japan's cut in the discount rate in late December, or to *higher* bond prices and booming overseas markets. In January, the Nikkei average fell to 20,858.30, within a hair's breadth of 20,221.86 plumbed in October 1990, following the Iraqi invasion of Kuwait. Average daily volume fell to a 10-year low of *217.4m* shares.

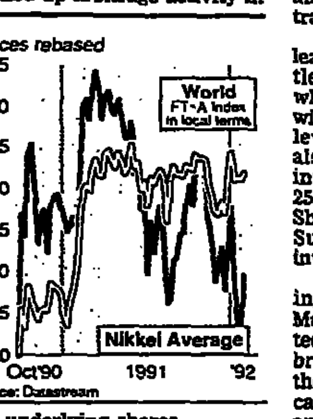
Announcements by the LDP, of measures to revitalise the stock market, such as companies raising dividends and the *reduction of securities trading* taxes, propped up the market. "These statements have underpinned the market," says Mr Jason James, equity strategist *at James Capel.*

This week's move by the Osaka Securities Exchange (OSE) to make futures and options trading more transpar*ent also had a favourable effect* on sentiment. The OSE will now disclose trading of futures and options by brokers and trading hours have been shortened. Option contracts, currently exercised once a week, will move to once a month with the June contract.

Derivatives trading in Osaka had been blamed for recent volatility in the cash market. The bulk of Japan's stock futures trading is executed in Osaka, although the index is based on Tokyo cash prices. The surge in activity of the Osaka-based Nikkei 225 options and the plunge in cash trading activity in Tokyo created tension between the two exchanges.

Last year, turnover *in* futures trading rose 35 per cent to Y536,729.9bn ($4,293.8bn), while activity on the cash market fell 39 per cent to a nine-year low of Y107,108bn. Trading in Nikkei 225 futures accounted for 56.2 per cent of *the revenue earned by the* OSE, while the TSE saw a heavy fall in its revenue.

Price fluctuation in the futures markets is reflected in the cash market through arbitrage, as traders seek to make a profit *from the price differ*ences between the cash and futures markets. The surge in speculative trading on the futures markets has in turn *pushed up arbitrage activity in* the underlying shares.



Source: Datastream

The Tokyo Stock Exchange *increased margin rates for* arbitrage trading three times last year to curb activity. It also wants a reform of futures trading and has recently set up *a task force to review trading* practices and recommend changes. Osaka has finally moved to reduce speculative activity on its own turf.

Mr Nick Schoewe, head of derivatives trading at SBCI Securities, says that it is "interesting" that derivatives have been made a scapegoat for the poor performance of the cash market. He warns that if the negative attitude towards derivatives continues, the business will be driven to offshore markets where Nikkei 225 futures and options can be traded, such as the Singapore International Monetary Exchange and the Chicago Mercantile Exchange.

Others agree that while the *psychological impact of the* OSE's recent move was positive, the most effective way to reduce the influence of futures and options trading on the cash market is for volume in the cash market to rise.

Meanwhile, an overhang of *shares created by investors* waiting to liquidate holdings at higher levels remains a problem. Selling by investment trusts, facing redemptions linked to trust funds set up in the late 1980s, has continued to *depress the market.* Tokkin, or specified money trusts, and trust fund cancellations by companies, which James Capel estimates at between Y1,000bn and *3,000bn, will be concen*trated in the current quarter.

Life insurers, traditionally leading buyers, are offering little comfort. "Pension funds, which are long-term investors, will continue to buy at lower levels around 21,000, but we also want to sell short-term investments at the 24,000 to 25,000 level," says Mr Kaoru Shimura, general manager at Sumitomo Life's securities investment department.

Downward revisions of earnings forecasts ahead of the March book-closing are expected to create turmoil. Several *brokerages recently reduced* their profit forecasts for electrical companies such as Hitachi and Toshiba, which prompted heavy selling of their shares.

Small investors are reluctant to return to the stock market. They were shaken by last year's stock market scandals and current price conditions *and meagre dividends offer* little return.

Mr Shimura at Sumitomo Life expects daily turnover to remain around 300m shares for *the first half of this year.* This means that share prices will remain vulnerable to volatility in futures and options.

However, some argue that current levels make long-term stock investments attractive. Mr Yoshinobu Isokawa, managing director at Yamaichi Securities says that with interest rates on the decline, individuals are showing some interest in stocks again. Although they have not yet started to buy, attendance at equity invest*ment seminars at Yamaichi's* local branches has started to rise. "We're telling clients that now is a great chance to buy," says Mr Isokawa, "if they give the market two years."

ASIA PACIFIC

Nikkei loses early gains as futures fall

Tokyo

SHARE PRICES trimmed early gains on a lack of fresh news ahead of the weekend, *writes Emiko Terazono in Tokyo.*

The Nikkei average rose *2.20* to 22,107.12, up 0.4 per cent on the week, after a high of 22,373.08 and a low of 22,103.42. Continued arbitrage-related buying pushed the index up in the morning but a fall in *futures prices in the afternoon* prompted arbitrageurs to unwind their positions.

Volume was steady at 200m shares. Advances led declines by *522 to 470 with 156 issues* unchanged. The Topix index of all first section stocks fell 3.83 to 1,627.42 and in London, the ISE/Nikkei 50 index rose 0.96 to *1,243.44.*

Dealers dominated the market, while institutional investors remained on the sidelines. "Institutions have placed a lot of buying orders at the lower levels, but no one wants to buy or sell at current prices," said Mr Masami Okuma at UBS Phillips & Drew.

Highly-priced, small capitalisation stocks, which had risen recently on short-term buying, ran into profit-taking. Sega Enterprises fell Y100 to Y13,900 *and Keyence declined Y600 to* Y11,300.

Sharp, the most active issue of the day, rose Y60 to Y1,430. The electronics company saidrecently that it would sell high definition television sets at Y1m, one-quarter of the current average prices. Sharp also announced a semiconductor partnership with Intel, the US semiconductor maker, to *develop flash memory devices*, a smaller and lighter semiconductor chip which can be erased and reprogrammed.

Electronics makers fell on *profit forecast downgradings.* Hitachi fell Y5 to Y898 and Toshiba by Y9 to Y635.

Bridgestone, the tyre maker, rose Y20 to Y1,150 on reports that *Firestone, its US subsidiary*, would make a profit in the latter part of this year.

Speculators focused on Aids-related issues. Meiji Milk Products, which *is* developing an anti-Aids drug, lost Y9 to Y900 on profit-taking after an initial rise, but Okamoto Industries, the prophylactic maker, rose Y22 to Y955.

In Osaka, the OSE average fell *37.37* to *23,691.20* on small-lot selling late in the day, in volume of 52.4m shares. Nin*tendo, the video game maker* lost Y500 to Y11,300.

Roundup

THE TWO remaining markets to reopen after the Chinese New Year, Hong Kong and Taiwan, went in different directions yesterday.

HONG KONG climbed in heavy trading, the Hang Seng *index closing 39.28 higher at* 4711.37, its second consecutive record high, for a 2.4 per cent rise on the week. The index is up 9⅔ per cent this year. Turn*over hit HK$2.8bn, its heaviest* in two weeks, compared with Monday's half-day HK$1.64bn.

Expectations of an interest rate cut, a new year rally, *political indications from* China, and the sheer momentum of the recent rally were all given credit for the gains.

TAIWAN tumbled in its first *day's trading since it hit its* 1992 high on January 30, the weighted index losing 154.26 points, or 2.9 per cent to 5237.37 in turnover down from T$56.6bn *to* T$38.3bn.

Some brokers said that this was a technical correction, others that it was also a reaction to Premier Hau Pei-tsun's call *last week* for a crackdown on speculation.

The central bank is also expected to resume money market operations to tighten liquidity next week.

KUALA LUMPUR saw buying by Malaysian corporations, supplemented by government-controlled institutions and short-term investors as the composite index ended up *14.03, or 2.4 per cent, at 589.84*, 3.4 per cent higher on the week.

BANGKOK featured a strong rally by Bangkok Land for the *second straight day as the SET* index rose 8.99 to 780.08, 2.3 per cent better on the week, in turnover of Bt12.4bn.

JAKARTA reported active *local buying as the official* index gained 7.16, or 2.5 per cent to 294.22, up 4.2 per cent on the week.

BOMBAY's bull run collided with rumours *of a build-up of* troops along the border with Pakistan. The BSE index dropped 114.88, or 5 per cent to 2,194.48, although share prices were reported to be recovering after hours, as the rumours subsided.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	THURSDAY FEBRUARY 6 1992								WEDNESDAY FEBRUARY 5 1992					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1991/92 High	1991/92 Low	Year ago (approx)
Australia (69)	142.03	−0.3	115.92	112.85	116.64	126.30	−0.7	4.37	142.51	116.89	113.32	117.66	127.20	160.31	112.74	126.37
Austria (20)	179.75	+0.5	146.71	142.83	147.81	147.46	+0.0	1.96	178.82	146.88	142.20	147.63	147.48	222.37	153.86	193.80
Belgium (46)	143.59	+0.2	117.20	114.09	117.91	115.26	−0.4	5.11	143.26	117.51	113.91	118.28	115.71	151.20	118.04	143.46
Canada (115)	137.32	+0.1	112.08	109.10	112.75	117.23	+0.1	3.14	137.13	112.48	109.04	113.20	117.07	144.28	126.49	135.35
Denmark (36)	267.42	+0.2	218.26	212.49	219.60	222.87	−0.3	1.60	266.78	218.82	212.14	220.25	223.51	273.94	217.74	257.04
Finland (15)	89.17	+0.8	72.78	70.85	73.22	80.55	+0.5	2.64	88.44	72.55	70.33	73.02	80.18	125.15	73.32	103.17
France (108)	152.92	+0.7	124.81	121.50	125.57	128.87	+0.0	3.45	151.82	124.53	120.72	125.33	128.89	152.95	119.11	141.52
Germany (65)	121.72	+0.9	99.34	96.72	99.95	99.95	+0.4	2.31	120.59	98.91	95.90	99.55	99.55	125.35	94.15	118.25
Hong Kong (55)	193.87	+0.0	158.24	154.04	159.21	193.05	+0.0	3.93	193.87	159.02	154.17	160.07	193.05	193.89	119.62	134.78
Ireland (18)	171.26	−0.1	139.78	136.08	140.63	142.87	−0.7	3.58	171.42	140.61	136.31	141.52	143.95	182.46	132.88	156.74
Italy (77)	80.58	+0.7	65.77	64.03	66.17	71.53	+0.2	3.22	79.99	65.61	63.60	66.03	71.39	88.23	64.76	81.17
Japan (473)	127.77	+0.3	104.29	101.52	104.94	101.52	+0.2	0.84	127.44	104.53	101.34	105.23	101.34	146.97	118.23	137.87
Malaysia (68)	231.52	+1.3	188.96	183.95	190.12	232.37	+1.1	2.81	228.60	187.51	181.77	188.72	229.83	247.78	189.18	218.46
Mexico (18)	1520.02	+0.0	1240.61	1207.76	1248.20	5088.26	+0.0	1.03	1519.37	1246.25	1208.21	1254.39	5088.26	1532.07	534.45	595.89
Netherland (31)	154.89	+0.6	126.42	123.07	127.19	125.66	+0.1	4.30	153.92	126.25	122.40	127.08	125.57	155.74	125.70	140.02
New Zealand (14)	45.50	+0.2	37.14	36.16	37.37	44.59	+0.0	6.16	45.42	37.25	36.12	37.50	44.59	54.64	41.18	50.48
Norway (24)	183.03	−0.4	149.39	145.43	150.30	153.78	−1.0	1.74	183.76	150.73	146.13	151.71	155.32	223.24	157.08	205.38
Singapore (38)	226.78	+1.0	185.10	180.20	186.23	169.83	+1.0	2.05	224.62	184.24	178.62	185.44	168.15	228.43	151.63	179.40
South Africa (61)	241.96	−2.5	197.48	192.25	198.69	184.28	+1.7	2.70	248.28	203.65	197.43	204.98	181.21	271.99	173.00	193.60
Spain (52)	158.84	+0.0	129.64	126.21	130.43	119.91	−0.5	4.61	158.78	130.24	126.27	131.09	120.47	171.12	131.51	158.23
Sweden (25)	185.83	−0.6	151.67	147.66	152.61	157.70	−1.3	2.83	186.90	153.31	148.63	154.31	159.86	204.12	146.60	183.15
Switzerland (59)	102.91	+0.9	83.99	81.77	84.52	89.89	+0.4	2.23	102.04	83.70	81.15	84.25	89.55	103.50	82.17	98.22
United Kingdom (233)	183.61	+0.0	149.86	145.87	150.76	149.85	−0.5	4.95	183.56	150.57	145.95	151.53	150.58	187.44	156.27	178.54
USA (523)	169.01	+0.0	137.94	134.29	138.79	169.01	+0.0	2.89	169.03	138.65	134.42	139.56	169.03	171.66	125.95	144.37
Europe (809)	149.40	+0.4	121.94	118.71	122.69	122.94	−0.2	3.91	148.83	122.08	118.35	122.88	123.15	151.52	125.50	144.22
Nordic (100)	186.84	−0.1	152.49	148.46	153.43	151.61	−0.8	2.13	187.10	153.46	148.78	154.47	152.78	200.81	155.55	185.22
Pacific Basin (717)	130.10	+0.2	106.18	103.38	106.84	104.79	+0.2	1.17	129.78	106.45	103.20	107.15	104.63	145.92	117.86	136.83
Euro−Pacific (1526)	138.11	+0.3	112.73	109.73	113.41	112.77	+0.0	2.35	137.69	112.94	109.49	113.67	112.75	147.66	121.29	140.20
North America (638)	166.99	+0.0	136.29	132.70	137.15	165.49	+0.0	2.90	167.00	136.98	132.82	137.90	165.50	169.69	125.91	143.72
Europe Ex. UK (576)	128.54	+0.6	104.91	102.15	105.56	107.26	+0.1	3.17	127.72	104.76	101.58	105.47	107.20	129.80	103.58	123.35
Pacific Ex. Japan (244)	153.08	+0.1	124.94	121.65	125.72	137.38	+0.0	3.88	152.89	125.41	121.60	126.24	137.44	153.70	111.40	126.18
World Ex. US (1720)	140.07	+0.2	114.32	111.30	115.03	114.90	+0.1	2.37	139.74	114.62	111.13	115.37	114.84	148.16	122.32	140.83
World Ex. UK (2010)	145.46	+0.2	118.72	115.59	119.46	129.74	+0.1	2.29	145.24	119.13	115.50	119.92	129.63	150.56	120.06	137.26
World Ex. So. Af. (2182)	148.18	+0.2	120.94	117.75	121.70	131.18	+0.0	2.57	147.92	121.33	117.64	122.14	131.17	153.05	122.92	140.61
World Ex. Japan (1770)	161.28	+0.1	131.63	128.16	132.46	148.74	+0.0	3.29	161.13	132.17	128.15	133.05	148.80	161.90	126.69	144.01
The World Index (2243)	148.78	+0.1	121.43	118.22	122.18	131.66	+0.0	2.57	148.57	121.86	118.15	122.67	131.62	153.70	123.28	140.93

Latest prices were unavailable for this edition. Markets closed February 6: Hong Kong and New Zealand.

LONDON SHARE SERVICE

BRITISH FUNDS

	Notes	Price £	+or -	1991/92 high	1991/92 low	Yield Int.	Yield Red.
"Shorts" (Lives up to Five Years)							
2pc IL 1992‡‡		135 27/32	+1/32	135 27/32	125 7/16	1.85	8.40
8pc 1992 ‡‡		99 [illegible]	+1/16	99 [illegible]	95 [illegible]	8.04	10.07
10½pc Cv 1992‡‡		100 [illegible]	—	100 [illegible]	98½	10.49	10.15
3pc 1992		98 [illegible]	—	98 [illegible]	91 [illegible]	3.06	8.43
Exch 12¼pc 1992		101¼xd	—	102 [illegible]	100 [illegible]	12.10	9.69
13½pc 1992		102 [illegible]	—	104 [illegible]	101 [illegible]	13.23	9.91
Treas 8¾pc 1993		98 [illegible]	—	99 [illegible]	94	8.85	9.54
10pc 1993‡‡		100 [illegible]	—	100 [illegible]	97 [illegible]	9.96	9.65
12½pc 1993‡‡		103 [illegible]	—	104 [illegible]	102 [illegible]	12.06	9.69
Funding 6pc 1993‡‡		98 [illegible] xd	+¼	98 [illegible]	89 [illegible]	6.25	8.64
Treas 13¾pc 1993‡‡		106½	—	108 [illegible]	105 [illegible]	12.91	9.67
8½pc 1994		98 [illegible]	—	98 [illegible]	92 [illegible]	8.64	9.40
14½pc 1994‡‡		108 [illegible] xd	[illegible]	111 [illegible]	108 [illegible]	13.31	9.63
Exch 13½pc 1994		107 [illegible]	[illegible]	109	105 [illegible]	12.55	9.59
Treas. 10pc Ln. 1994‡‡		101	[illegible]	101 [illegible]	98 [illegible]	9.90	9.48
Exch 12½pc 1994		106 [illegible] xd	[illegible]	107 [illegible]	103 [illegible]	11.75	9.60
Treas 9pc 1994‡‡		98 [illegible]	—	98 [illegible]	93 [illegible]	9.10	9.44
12pc 1995		106 [illegible]	—	106 [illegible]	102 [illegible]	11.37	9.58
Exch 3pc Gas 90–95		88 [illegible]	+¼	89	82 [illegible]	3.38	6.92
10¼pc 1995		102 [illegible]	—	102 [illegible]	95 [illegible]	10.04	9.53
Treas 12¾pc 1995‡‡		109 [illegible]	—	110 [illegible]	105 [illegible]	11.61	9.54
14pc 1996		113½	—	114 [illegible]	109 [illegible]	12.33	9.77
9pc 1992–96‡‡		99½xd	[illegible]	99½	92 [illegible]	9.05	9.15
15¼pc 1996‡‡		118 [illegible]	[illegible]	119 [illegible]	115 [illegible]	12.85	9.74
Exch 13¼pc 1996‡‡		112 [illegible]	—	112 [illegible]	106	11.82	9.69
Conversion 10pc 1996		101 [illegible]	—	101 [illegible]	95 [illegible]	9.82	9.49
Five to Fifteen Years							
Treas 13¼pc 1997‡‡		113 [illegible]	[illegible]	114 [illegible]	108 [illegible]	11.65	9.69
Exch 10½pc 1997		104xd	[illegible]	104 [illegible]	97¼	10.18	9.47
Treas 8¾pc 1997‡‡		97 [illegible] xd	[illegible]	97 [illegible]	89 [illegible]	9.00	9.41
Exch 15pc 1997		122 [illegible]	—	123 [illegible]	117	12.28	9.62
9¾pc 1998		101 [illegible]	[illegible]	101 [illegible]	93 [illegible]	9.64	9.47
Treas 6¾pc 1995–98‡‡		88 [illegible]	[illegible]	89 [illegible]	80 [illegible]	7.55	9.00
15½pc '98‡‡		127 [illegible]	[illegible]	128 [illegible]	121 [illegible]	12.12	9.68

BRITISH FUNDS - Cont.

	Notes	Price £	+or -	1991/92 high	1991/92 low	Yield Int.	Yield Red.
Exch 12pc 1998		111 [illegible]	[illegible]	111 [illegible]	104 [illegible]	10.74	9.58
Treas 9½pc 1999‡‡		101 [illegible]	[illegible]	101 [illegible]	92 [illegible]	9.48	9.39
Exch 12¼pc 1999		113 [illegible]	[illegible]	113 [illegible]	105 [illegible]	10.80	9.59
Treas 10½pc 1999		105 [illegible]	[illegible]	105 [illegible]	97 [illegible]	9.97	9.47
Conversion 10¼pc 1999		104 [illegible]	[illegible]	104 [illegible]	95 [illegible]	9.85	9.49
9pc 2000‡‡		98 [illegible] xd	[illegible]	98 [illegible]	89 [illegible]	9.18	9.31
[illegible]							
Over Fifteen Years							
[illegible]							
Undated							
[illegible]							

BRITISH FUNDS - Cont.

	Notes	Price £	+or -	1991/92 high	1991/92 low	Yield Int. (1)	Yield Red. (2)
Index – Linked	(b)						
Treas. 2pc '94	(102.9)	124	+⅛	124	115 [illegible]	2.38	3.66
2pc '96	(67.9)	179 [illegible]	[illegible]	179 [illegible]	168 [illegible]	3.40	3.97
2½pc '01	(78.3)	146 [illegible]	[illegible]	146 [illegible]	137 [illegible]	3.88	4.19
2½pc '03	(78.8)	141 [illegible]	[illegible]	142 [illegible]	133	3.98	4.14
[illegible]							

OTHER FIXED INTEREST

	Notes	Price £	+or -	1991/92 high	1991/92 low	Yield Int.	Yield Red.
[illegible]							

LONDON SHARE SERVICE

AMERICANS

	Notes	Price £	+or-	1991/92 high	low	Mkt Cap£m	Yld Gr's
Abbott Labs		36⅞xd	-⅞	38⅝	20⅞	16,258	1.6
Allegheny & W.		520p	-10	586p	218p	166.3	5.3
Amdahl		1040pxd	-22	1471p	697p	1,164	0.5
Amer Cyanamid		33¼	-⅜	42¼	25⅛	3,180	2.5
Amer Express		11⅞xd	—	17⅞	9⅛	5,586	4.8
Amer T & T		20⅛xd	-⅛	24½	15⅛	28,858	3.6
AmeriTech		35½	-⅜	38⅞	32½	14,087	5.7
BankAmerica		22⅞xd	+⅛	25⅜	12⅛	4,868	3.3
Bankers NY		34⅛xd	-¼	38⅞	20⅛	2,871	7.8
Bell Atlantic		24⅝xd	-¼	30½	24¼	9,884	5.8
BellSouth		29⅛	-½	31¼	25	12,788	5.9
Bethlehem Steel		7¼xd	-⅛	11¼	6⅞	598.7	—
Bowater		1320p	-46	1830p	1042p	477.8	6.1
CPC		48½xd	+⅛	54⅛	37⅛	3,438	2.7
California Engy		684p	-13	935p	420p	124.5	—
Campbell Soup	h	21⅞	-¼	25	14⅞	8,373	1.8
Chase Manhattan		12⅛xd	+⅝	12¼	5⅛	1,087	5.5
Chrysler		8⅝xd	+⅛	9⅛	5⅛	2,044	3.8
Citicorp		9¼xd	+½	10⅛	4⅝	2,177	—
Colgate-Palm		26⅞xd	+⅜	27⅝	21⅛	3,844	2.3
Cont'l Bank		817p	+48	820p	438p	823.6	5.5
Dana		17¼xd	+¼	21⅝	13⅝	780.8	5.2
Data General		640p	-8	1282p	203p	178.6	—
Dial		27¼xd	+¼	27⅞	12⅞	1,077	2.8
Dun & Brad		28⅞	-½	31⅝	20⅛	5,183	4.2
Eaton		37¼	-⅛	40	24¼	1,284	3.9
Echlin		8¼xd	—	8⅞	5½	488.6	4.5
FPL		19¾xd	—	20⅛	14⅞	3,178	7.2
Fluor		25¼xd	+⅞	30⅞	17⅞	2,049	0.9
Ford Motor		18¾xd	+⅜	23⅛	13	8,076	3.0
Gen Elect		42⅝xd	+¼	46⅞	28⅛	36,938	2.7
General Host		524p	+15	586p	270p	—	3.8
Gillette		28⅛xd	+⅛	45¾	20⅞	8,149	1.2
Hasbro		22⅞	+⅛	24	7⅞	1,311	0.6
Honeywell		40⅝xd	-⅜	40¼	21⅛	2,815	2.3
Houston Inds		23¼	-¼	24⅞	17⅞	2,981	7.2
Ingersoll-Rand		32xd	+½	33⅛	18⅛	1,859	2.3
Lockheed		22⅞xd	-½	25⅛	16⅞	1,448	4.9
Lowe's		2220p	-48	2337p	1245p	809.3	1.4
Merrill Lynch		32⅛xd	-⅝	36⅛	10⅞	3,297	1.8
Morgan (JP)		34⅞xd	+⅛	38¼	21⅛	6,628	3.6
[illegible]		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

BUILDING MATERIALS - Cont.

	Notes	Price	+or-	1991/92 high	low	Mkt Cap£m	Yld Gr's	P/E
Rooleel		63	—	78	61	9.46	9.1	8.7
Rugby		192	-5	205	135	882.9	4.5	14.2
Russell (A)		85	—	98	72	18.9	3.4	15.6
SWP		7½	—	22	7¼	1.85	10.7	3.4
Sandell	‡	38	—	62	23	0.75	‡	—
St Gobain FFr		£38¼	-⅛	£39¼	£33⅞	3,489	4.8	4.9
Sharpe & Fisher		78	—	98	70	18.5	7.1	72.7
Shaw (A)		57	—	82	45	4.98	9.6	20.2
Sheffield Insuls		77	—	101	76	18.8	8.4	7.3
Spring Ram	th	100	+4	180	62½	601.1	0.2	29.4
Stanmin	H	12¾	—	22	12½	42.3	3.1	26.4
Steetley	♦	301	-2	424	252	818.1	5.8	17.1
Tarmac		118	-5	229	95	899.2	12.7	13.3
Tilton		65	—	85	40	18.3	4.6	♦
Travis Perkins		280	+2	281	175	269.3	5.2	28.5
Tudor	‡	33	—	38	22	1.88	‡	9.3
Ward Group	‡	83	—	280	63	21.1	‡	3.7
Wickes	‡u	80	—	78	27	188.8	‡	—
Wilshaw		9¼	—	11¼	4¼	7.27	4.3	15.1
Wolseley		414	+1	432	280	885.5	3.9	18.6
Worcester	†	140	—	188	87½	38.1	3.6	19.0

BUSINESS SERVICES

	Notes	Price	+or-	1991/92 high	low	Mkt Cap£m	Yld Gr's	P/E
ADT $		408	-20	1210	280	408.2	24.1	3.0
AFP		13	—	73	12½	88.2	—	—
ASB Group		8	—	28	6	1.88	—	—
ATA Select		18	—	21	11	2.87	10.3	—
ATP Comms		4	—	7	4	0.58	—	—
Adam & Harvey	W	208	—	208	188	8.77	6.5	3.5
Air London		128	-8	128	68	18.6	3.6	13.5
African Lakes		83	—	81	61	4.28	4.2	9.7
Assoc Energy		48	—	6	2½	1.11	—	—
Auto'ted Sec	†	131	-2	278	101	148.7	5.0	5.3
BET		101	-2	223	67	1,128	11.7	16.9
BNB Res	†	98	—	118	76	23.8	8.3	9.1
[illegible]		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CONTRACTING & CONSTRUCTION - Cont.

[illegible]

ENGINEERING - GENERAL - Cont.

[illegible]

HEALTH & HOUSEHOLD - Cont.

[illegible]

INVESTMENT TRUSTS - Cont.

[illegible]

HOTELS & LEISURE

[illegible]

ELECTRICALS

[illegible]

CANADIANS

[illegible]

ELECTRICITY

[illegible]

CHEMICALS

[illegible]

INSURANCE BROKERS

[illegible]

FOOD MANUFACTURING

[illegible]

BANKS

[illegible]

ELECTRONICS

[illegible]

INSURANCE COMPOSITE

[illegible]

CONGLOMERATES

[illegible]

INSURANCE LIFE

[illegible]

BREWERS & DISTILLERS

[illegible]

INVESTMENT TRUSTS

[illegible]

FOOD RETAILING

[illegible]

CONTRACTING & CONSTRUCTION

[illegible]

BUILDING MATERIALS

[illegible]

HEALTH & HOUSEHOLD

[illegible]

ENGINEERING AEROSPACE

[illegible]

ENGINEERING GENERAL

[illegible]

LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

	Notes	Price	+or -	1991/92 high	low	Yld Gr's	NAV	Dis or Pm(-)
■Scot National Inc.		101½	-½	115	97	11.8	-	-
■ Cap		33	-1	58	31	-	24.6	-37.9
Stepped Pf	†	132¾	+½	132¾	113	5.3	-	-
Zero Div Pf		171½	-	171½	141	-	-	-
Warrants		8	-	19	8	-	-	-
Scot Value	a	55	+½	55	46¼	3.8	53.4	-1.1
Sec Alliance		1185	-5	1285	882	3.9	1338.9	11.4
Second Market	s	223	-	230	198	1.6	255.5	12.7
■Sec Tst Scot	†	69	-½	79	57½	8.7	71.0	2.5
Select Assets		100	-	102	71	1.2	130.7	23.5
Eq Ind Serl		113	-	121	89	5.1	-	-
Eq Ind Serll		113	-	127	89	5.1	-	-
Shires	†	228	+1	238	191	10.5	218.4	-3.5
11pc Cv Ln '03/04		£118½	-	£120½	£97½	10.8	-	-
Sian Select		91	-	99	78	1.5	95.0	4.3
Warrants		28	-	31	19	-	-	-
■Smaller Cos		78	+2	93	60	1.3	82.6	17.6
Warrants		13	-	25	8	-	-	-
■Sphere Inc.		17½xd	-	33	17½	28.5	22.0	20.3
Zero Div Pf		65½	-	68¾	58¾	-	-	-
Warrants		1½	-	8½	1½	-	-	-
Strata		159	-	159	104	1.2	187.0	15.5
Stratton		155	+1	169	120	1.8	182.8	15.2
Sumit	‡	51	-	119	50	‡	109.9	53.6
■TR City of Lon		107xd	-½	121¼	90	6.7	110.9	3.5
■TR Euro Growth	s	87	-	104	78	1.5	98.4	11.6
Ptg Sub	s	53	-	58	40	2.5	-	-
■TR Far East Inc.		85	-1	94	56	6.6	97.1	12.4
Warrants		15	-	23	12	-	-	-
TR High Inc.	H	96	-	115	85	8.2	96.0	-2.1
Sub	g	38	-	36	24	6.1	-	-
■TR Pacific		81	-	92	49	0.4	88.8	8.8
■TR Prop		25	-	37	24	7.7	35.3	29.2
■TR Smaller		135	+1	155	98	3.7	145.2	7.0
■TR Technology	M	37	+1	52	20	8.6	126.1	71.5
Stepped Pf		91¾	+½	94½	70½	8.0	-	-
Zero Pf		164½	+1	164½	117½	-	-	-
■Temple Bar	†	244	-1	278	210	5.5	271.6	10.2
6pc Cv Ln 2002		£112½xd	-	£115½	£102½	5.3	-	-
Templeton Em	as	192	-	192	92	0.5	187.8	-2.2
Warrants		82	-	82	27	-	-	-
1pc Cv Ln 2001		£187½	-	£188½	£90½	0.6	-	-
■Thornton Asian		61	-	72	55	1.1	75.4	19.0
Warrants		10	-	18	9	-	-	-
Thornton Pan Euro		28	-	31	25	4.1	31.7	11.6

MERCHANT BANKS - Cont.

METALS & METAL FORMING

MISCELLANEOUS

MEDIA

MERCHANT BANKS

OIL & GAS - Cont.

OTHER FINANCIAL

OTHER INDUSTRIAL MATERIALS

MOTORS

OIL & GAS

PACKAGING, PAPER & PRINTING

PACKAGING, PAPER & PRINTING - Cont.

PROPERTY

STORES

STORES - Cont.

TELEPHONE NETWORKS

TEXTILES

TRANSPORT

WATER

SOUTH AFRICANS

PLANTATIONS

MINES

MINES - Cont.

	Price	+or -	1991/92 high	low	Mkt Cap£m	Yld Gr's
‡‡Ivernia West IE	40	-	61	30	15.8	-
‡‡Kells Mins IE	41	-	48	33	0.98	-
‡Kenmare	5¼	-¼	25	3½	8.09	-
‡‡Navan Res IE	28	-	28	15	3.48	-
Northgate Expl C$	39	-½	99	39	4.92	-
North West Expl A$	8	-	18	5	2.02	-
Oryx Gold $	92	-3	186	82	-	-
‡‡Ovoca Gold IE	11	+1	23	8	0.77	-
Plateau	12	-	44	11	5.48	-
■RTZ	516	-4	605	404	5,165	5.0
♥Thorco Res	5½	-	11	3¼	-	-
‡Vizcaya	2	-	10	2	1.07	-
♥Western & Pac C$	16	+2	152	7	2.78	-
‡Young Grp	108	-1	133	108	16.2	6.4

GUIDE TO LONDON SHARE SERVICE

Company classifications are based on those used for the FT-Actuaries Indices and FT-Actuaries World Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid- prices.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Symbols referring to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated separately for each line of stock quoted.

Estimated price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation, excluding exceptional profits/losses and unrelieved ACT where applicable. Yields are based on mid-prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current pre-closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- ■ Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ), and non-UK stocks which are quoted on SEAQ International
- ● "Tap Stock"
- * Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ◆ Figures or report awaited
- ♥ Not officially UK listed, dealings permitted under rule 535(4)(a)
- ‡ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Not officially UK listed; dealings permitted under Rule 535(2)
- # Price at time of suspension
- ¶ Indicated dividend yield after pending scrip and/or rights issue.
- ♦ Merger bid or reorganisation in progress
- § Forecast dividend yield: p/e based on earnings updated by latest interim statement.
- ♠ Unregulated collective investment scheme.

a Yield based on annualised dividend. b Figures based on prospectus or other official estimates. c Cents. f Flat yield. g Assumed dividend yield after rights issue. h Assumed dividend yield after scrip issue. r Rights issue pending. q Earnings based on preliminary figures. s Dividend yield excludes a special payment. t Indicated dividend yield, p/e ratio based on latest annual earnings. u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings. v Subject to local tax. z Dividend yield includes a special payment. E Minimum tender price. F Yield based on prospectus or other official estimates for 1990-91. G Assumed yield after pending scrip and/or rights issue. H Yield based on prospectus or other official estimates for 1991. K Yield based on prospectus or other official estimates for 1992-93. L Estimated annualised yield, p/e based on latest annual earnings. M Yield based on prospectus or other official estimates for 1991-92. N Yield based on prospectus or other official estimates for 1992. P Figures based on prospectus or other official estimates for 1991. R Forecast annualised yield, p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend yield to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1200 a year for each security shown, subject to the Editor's discretion

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FINANCIAL TIMES
Weekend February 8/February 9 1992

Hurd signs treaty but says it is 'not a stage towards a centralised Europe'

Delors prays UK will join the flock

By David Buchan in Maastricht

"ONE CAN always hope for a miracle," said Mr Jacques Delors, minutes before the signing of the Maastricht treaty on European union.

Putting his hands together and looking heavenward, the European Commission president was referring to the infinitesimal chance that Britain might undergo a last-minute change of heart and mind, and join its 11 partners on social policy – the one real bone of contention at the December summit.

Maastricht is not Damascus, however, and there was no sudden Pauline conversion on the part of Britain's two signatories – Mr Douglas Hurd, the foreign secretary, and Mr Francis Maude, financial secretary to the Treasury.

They and ministers from the other 11 countries quietly signed the political and monetary union treaty – complete with its protocol allowing 11 countries to pursue their social policy ambitions without the UK – virtually as they had argued it out in the same hall of Maastricht's Provinciehuis on December 9-11.

Two by two, as though entering the Ark of European Union, national pairs of ministers advanced to two books on a table in the centre of the room, accompanied by the strains of a string quartet.

EC growth could see Maastricht stillborn..Page 2

Ministers from Belgium's caretaker government came first. Further down the line of signatories came Germany's finance minister, Mr Theo Waigel, in such a rumpled suit that it looked like physical evidence of the political drubbing which the Bundesbank is giving monetary union.

When, at 6.08 pm local time, Messrs Hurd and Maude became the last to put their mark on the treaty books, Maastricht was formally signed to be presented later this year for ratification by the Twelve's parliaments. To his own mild embarrassment, Mr Hurd confessed to not knowing precisely what was in the two books he had signed. In fact, the fat book contained the actual treaty and the thin one associated protocols and annexes.

But the UK foreign secretary was clear that, in spite of its provisions for a common currency, foreign and defence policies, "Maastricht is not a stage towards a centralised Europe". The logic of the Community soon having to take in more members ran against this, and towards a more de-centralised EC system, he said.

This was not the impression given by others. Prime Minister Antonio Cavaco Silva of Portugal, which is the current EC president, and Dutch Prime Minister Ruud Lubbers, who chaired the Maastricht summit, spoke of unfinished integration business that needed to be completed at the next intergovernmental conference, set for 1996.

Mr Egon Klepsch, the EC Parliament president, said: "Maastricht keeps the ball rolling and strengthens the impetus behind integration . . . but must be followed by further stages."

So, with the ink still moist on the treaty, were the post-Maastricht battle lines set out.

Prospects for Lloyd's settlement improve

By Richard Lapper

PROSPECTS for a negotiated end to legal action involving more than 3,000 Names – the individuals whose capital backs underwriting at the Lloyd's insurance market – brightened yesterday.

After a lawsuit lasting more than three and a half years, about 500 Names reached an out-of-court settlement with the CJ Warrilow agency and more than 20 other agents.

The settlement has increased the possibility that separate negotiations, understood to be under way in a case being brought by nearly 1,000 Names against RHM Outhwaite and more than 80 other Lloyd's agents, could also be successful.

Names are alleging that negligence by their agents, and in one case, by the Lloyd's Corporation, the body which provides regulatory and market back-up services, was responsible for their insurance losses in these two and four other cases.

Outhwaite Names have lost more than £200m as a result of claims arising from US legal awards to victims of asbestosis.

Last Monday, hearings in the Outhwaite case, which began in October, were suspended for a week for "administrative reasons".

The talks were reported to have taken place between the Names and their agents.

"There is no doubt in my mind that they have stood down to allow the parties to settle," said one solicitor.

The enormous complexity of these cases, and the cost and time involved, has made them unwieldy, said another solicitor. "My feeling is that these cases are just untriable," he added.

In the Warrilow case, errors and omissions insurers, who cover agents against legal awards for negligence, agreed to pay Names £4m, including £1.5m already paid in legal costs.

The Warrilow syndicate ran up losses of more than £60m in 1984. However, Mr Tom Benyon, chairman of the Warrilow Names' association, said the most Names could hope to win in the legal case was £8.5m. "It is not all we wanted but we have to be pragmatic," he added.

Mr Benyon said Lloyd's played a part in "creating the atmosphere to make the settlement possible".

President Corazon Aquino indicated that the fight must go on during a proclamation rally yesterday. Her call came as the Philippine government announced it was to ask the IMF to release $250m under a suspended financing programme after congress approved measures to cover the projected budget deficit. In its final session under President Aquino, congress passed five of the six remaining tax enhancement measures sought by the administration. Page 3

Two in court over Ashdown break-in

By Neil Buckley, Ralph Atkins and Richard Evans

THE MAN charged with the break-in at the office of the solicitors of Mr Paddy Ashdown, the Liberal Democrat leader, was a paid-up member of his local Conservative association, it emerged yesterday.

Mr Simon Leo Berkowitz, 45, a painter from Hove, East Sussex, appeared at City of London magistrates court charged with burglary and handling stolen documents. His former wife Ms Maria Watson, 41, unemployed from Brighton, also appeared charged with handling stolen documents. They were released on conditional bail until March 6.

Hove and Portslade Conservative Association said Mr Berkowitz had been a fully paid-up member for several years. But Councillor Edward Cruickshank-Robb, chairman of the association, said Mr Berkowitz had a low profile and was not known to the officers. "He has not played any active role in the association either at ward, branch or constituency level, and, to the best of our knowledge, no part in local government or general elections," Mr Cruickshank-Robb said.

Mr Chris Patten, Conservative party chairman, said he did not regard the disclosure of Mr Berkowitz's membership as "any great embarrassment" for the party.

Speaking outside the court yesterday, Mr Martin Lowe, Mr Berkowitz's solicitor said his client would plead not guilty to both charges, although he admitted having had a document referring to Mr Ashdown.

"He has explained to the police in answer to their questions the circumstances in which he had it and what he did with it," Mr Lowe said.

On Wednesday, Mr Ashdown publicly admitted to a brief affair with a former secretary five years ago, after a document detailing the relationship was stolen from the solicitors' offices and offered for sale to a national newspaper.

Fears of a possible "dirty tricks" campaign aimed at politicians were fuelled by a second burglary at the London offices of Mr Ashdown's solicitors Bates, Wells & Braithwaite yesterday morning.

City of London police said they were investigating the incident but did not know what had been stolen.

Since Mr Ashdown confessed his affair, it has become known that his solicitors' offices also house confidential papers relating to other MPs.

The latest theft increased tensions at Westminster, where constant revelations about burglaries at MPs' offices so close to the general election have provoked accusations of "dirty tricks".

Mr Alex Carlile, Liberal Democrat MP for Montgomery, reacted angrily to a report that Conservative Central Office sought information last May from a credit agency on a Welsh Liberal Democrat activist, Mr Mike German.

Conservative Central Office denied the report, but said an application for a pass to a Conservative conference from Miss Laura German of the same address had been vetted. It was standard practice to use agencies to verify credentials.

Guinness case Continued from Page 1

an unlawful share-support operation, mounted by Guinness during the takeover battle for Distillers.

The trial has already gone beyond its original estimated length of three months. Only 10 of the 80 potential prosecution witnesses have so far given evidence and there is serious concern over whether the trial can be completed this year.

The judge is expected to address the question of whether the trial has become unmanageable when the jury returns on Monday after a week's holiday.

If Guinness Two does collapse that will leave only Guinness Four outstanding. That trial, which concerns Mr Thomas Ward, a US Attorney and a non-executive director of Guinness at the time of the Distillers takeover, is due to start at the Old Bailey before Mr Justice Turner in September.

Ford Continued from Page 1

part of a long-term efficiency programme. "The domestic UK vehicle industry faces significant challenges over the remainder of the decade as production from Japanese car plants adds to vehicle overcapacity in Europe."

He said productivity at Ford's UK plants had improved by nearly 40 per cent in the last six years. But the company admitted this week its European operations were still "up to 50 per cent less efficient than leading Japanese manufacturers".

Union leaders expressed scepticism about the company's claim that the job losses were part of a "long-term efficiency programme", rather than a response to recessionary pressures.

Mr Bill Jordan, president of the AEU engineering union, said the Ford statement was "political rather than economic" and was "designed to gloss over a very depressing situation" for the British car industry. "The company should have been more honest about the real reasons."

Government policies were "eating like a cancer into the British motor industry", he said.

Ford's UK workforce has fallen from a peak of 80,000 in early 1980 to 39,500 by late last year, an average reduction of 3,600 a year. Despite this, Ford produced 451,996 vehicles in the UK last year against 481,140 in 1980.

Mandela
Continued from Page 1

on South Africa's future. The ANC believes that new loans will bolster the position of President F W de Klerk and reduce the pressure for reform.

Mr Mandela's comments on nationalisation seemed designed to set the tone for a review of what has been a central and controversial plank of ANC thinking since 1955. This, he said, was likely to be discussed at a policy conference in April, though it is far from clear that this will resolve the matter.

The ANC leader said he had concluded that a nationalisation programme was likely to alienate business after discussions with top executives in South Africa and abroad, and recent conversations with world leaders, includinging Li Peng, the Chinese prime minister, and President François Mitterrand of France.

Mr Mandela expressed confidence that constitutional talks now under way in South Africa would lead to the early creation of an interim government that could oversee one-person one-vote elections and would prompt the lifting of all sanctions apart from the arms and oil embargos.

CHIEF PRICE CHANGES YESTERDAY

FRANKFURT (Dm)			
Rises			
Asko	720	+	20
Bilfing	977	+	17
DLW	508	+	28
Leifheit	488	+	10
Rosenthal	285	+	7.5
Falls			
Aachen	855	–	15
New York ($)			
Rises			
Lockheed	43	+	1
Owens Corning	36 3/8	+	1/8
Falls			
Philip Morris	75 3/8	–	2 3/4
Citicorp	16 3/8	–	1/2
Immunex	58 3/4	–	4 3/4
IBM	88 7/8	–	1
New York prices at 12.30pm			
Paris (FFrs)			
Rises			
Coparex	680	+	30
Fonc Lyonn	624	+	44
Poliet	445	+	7.9
Unibail	559	+	30
Valeo	684	+	24
Falls			
Spie Batig	307	–	18.8
Tokyo (Yen)			
Rises			
Gajoen Kanko	400	+	39
Nichia Steel	1200	+	110
Fuji	870	+	79
Janome Sewing	500	+	40
Nippei Toyama	900	+	70
Toyo Chem	649	+	49
London (Pence)			
Rises			
Albrighton	11	+	2
Clarke Foods	92	+	4
Cropper (J)	164	+	15
Davies & Newman	93	+	4
Elec Pk Uts (£)	2745	+	77
Great Westn Res	9 1/2	+	3 1/2
Laser-Scan	20	+	3
Mitel	75	+	21
Raine Inds	122	+	5
Sanderson M E	490	+	12
Falls			
Bass	520	–	15
British Airways	221	–	9
Bulmer (HP)	254	–	18
CML Microsystems	247	–	56
Kwik Save	577	–	17
Wace	105	–	14
Warburg (SG)	573	–	17

WORLDWIDE WEATHER

UK Today: Generally mild but also windy, especially in the north and west. Patchy mist or fog in the south-east, which will remain dry and bright but cloudy. Much of the west will also be dry. Some drizzle over western Scotland. Outlook: Rain from the west followed by brighter, colder weather with showers.

THE LEX COLUMN

Hanging on for the US

At the last minute yesterday, an exceptionally humdrum week for the markets turned exciting for the wrong reasons. The US employment figures were yet again bad enough to dash hopes of imminent economic recovery. The market, having decided that a further cut in US interest rates was off the agenda, is now back to expecting one shortly. The dollar, which strengthened on the last rate cut in hopes that the economy had finally reached bottom, has weakened sharply again. Given that the Bundesbank is meanwhile adamant that it will not cut German rates in the face of inflationary wage settlements, it looks rather as if the UK is stuck in the middle again.

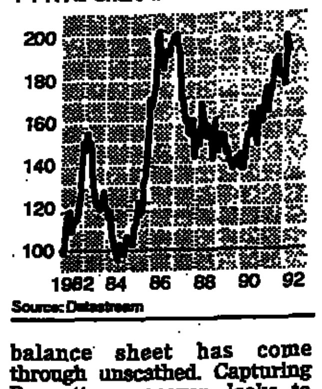
Even before this news, the UK equity market had contrived to drift downwards every day this week. Nothing in the background is particularly helpful. There were no big company results in the week, or statistics on the domestic economy. The longer the opinion polls go on depicting the two main parties close together, the nearer the market gets to its least favourite outcome of a hung parliament. Meanwhile, the results season looms; and whether or not dividend payments are maintained, very few company chairmen will feel ready to offer any hope of an upturn.

Perhaps the best that can be said for the UK market is that it is 160 points down on its record of five months ago. But that is a mere 6 per cent. The worrying thing is that in September the market was not only wrong about the timing of the recovery. It may also have been wrong about its scale.

FT-SE Index: 2,517.2 (−17.1)

Wolseley

Share price relative to the FT-A All-Share Index



Source: Datastream

Wolseley

Tasteless jokes about the quality of French plumbing are as misplaced these days as smug sermons on the superiority of British drinking water. In any case, Wolseley's decision yesterday to splash out £95m for France's leading specialist distributor of plumbing supplies is part of a more ambitious strategy to tackle the European market.

One could easily quibble about the timing of the initiative so close to January 1 1993, were it not for the way Wolseley spent the 1980s leapfrogging its competitors to establish itself in the United States. Earnings per share last year were admittedly pegged back below 1987 levels. But then, the housing recession on both sides of the Atlantic has been severe, and Wolseley's balance sheet has come through unscathed. Capturing Brossette, moreover, looks to have been worth the wait. Apart from providing new opportunities to negotiate bulk discounts from common suppliers, plus a platform for expansion east and south, the scope to squeeze extra costs out of even a well-run French family business ought to be considerable. Perhaps in the interests of an *entente cordiale*, Wolseley's chairman, Mr Jeremy Lancaster, is coy on this point. But while margins are unlikely ever to match what the company has obtained in the UK, the current level of just under 4 per cent should in time be pushed nearer 6.

Without the benefit of Brossette's full financial record, the company's assurance that the acquisition will not dilute earnings has to be taken on trust. Wolseley, however, has not been given to extravagant promises in the past. Moreover, even though they have outperformed handsomely through the bad times, the shares still look a better bet than those beleaguered players in the sector which have slashed overheads just to survive. The mere 3 per cent discount needed to get the placing away yesterday demonstrates the size of the fan club.

Bass

The news that Bass is involved in litigation over its $2.2bn purchase of Holiday Inn is perhaps not quite as unnerving as it sounds. It may be that Bass is merely protecting its right to claim for minor damages, rather than suggesting it was seriously misled. All the same, it is not the best time for attention to be drawn to the most radical and ambitious diversification in the company's history. Two years on, it is possible Holiday Inn is breaking even after interest costs. If so, it is only because the slump in profits is being offset by cuts in US interest rates.

The wider question is one of fundamental strategy. Bass would doubtless argue that it was right to reduce its dependence on UK pubs and brewing at a time of huge upheaval and regulatory change. The contrary argument is that this was just the time for the industry leader to concentrate on turning change to its advantage, rather than diversifying. Nor is the case helped by the fact that just as Bass was piling into hotels at the top of the market, both Grand Metropolitan and Scottish and Newcastle were astutely getting out.

Then again, Bass was scarcely the only UK company to overpay for US assets in the last few years. Like the brewing business, Holiday Inn has considerable potential. The question is whether Bass is nimble enough to exploit it. There is a depressing contrast with GrandMet, which in just over three years has abandoned hotels, betting and brewing, hugely expanded its pub empire and absorbed the Pillsbury acquisition along the way.

Rémy Cointreau

Only in France, perhaps, could a company announce with a straight face that it was issuing 5m shares to improve the marketability of the stock and simultaneously disclose that the controlling family shareholder has raised its stake to just above 50 per cent. Perhaps the Perrier and Au Printemps *affaires* will ultimately improve the lot of minority shareholders. But in Rémy Cointreau's case, memories of the controversial terms of last year's merger are presumably still fresh in the mind.

The more interesting question, though, is the likely response to 20 per cent of the stock being offered to the public over the next few months. Inevitably there may be some drag on the price in the short term, but it is also arguable that conditions are in place for Rémy Cointreau to mount a serious challenge to the dominance of the big four in worldwide spirits distribution. The company can boast a portfolio of premium products, including a tie with Highland Distilleries and control of the Krug and Piper Heidsieck champagnes. It has a good distribution network; and as far as one can see, the family squabbles have been sorted out.

The tourist in her own country

*As the Queen enters the fifth decade of her reign, the monarchy faces challenges greater than ever before. **David Cannadine** examines them*

AS KING Lear discovered unhappily, longevity does not necessarily make a sovereign popular or serene. Indeed, if Queen Elizabeth II contemplates the history of her forebears on the British throne, she must see that the record during the past 200 years or so has been decidedly mixed.

Although she is well-loved by her subjects, it does not follow automatically that the monarchy's reputation is high and unquestioned. Certainly, age by itself will not assure her of greater dignity and public respect: as old men, George IV and William IV were neither loved nor admired, while Edward VIII threw it all away when he married Mrs Simpson.

Yet, the reasons why some monarchs have become venerated patriarchs (or matriarchs) while others have not are complex and often obscure. George III's reputation improved immeasurably the older (and madder) he became. At the end of her reign, Victoria was even more selfish, obstinate and bigoted than she had been at the start; but none of this mattered to her subjects, who worshipped her as an imperial icon. Edward VII was scarcely a more admirable individual than George IV, but the public perception of him was very different. And while George V became a lovable king, he was never a particularly lovable man.

So, at one level, royal reputation turns out to be like any other: what Shakespeare once described as "an idle and most false disposition, oft got without merit and lost without deserving." But it is fashioned also by broader forces over which the monarchs themselves have had little control and often have not even understood. In every reign, and in every generation, the British have projected on to the person of their sovereign their own collective hopes, anxieties and expectations. In so doing, they have created and re-created their monarchy in their own self-image.

How far should the Queen be comforted or worried by this as she enters the fifth decade of her reign? Compared with George IV or William IV she has enjoyed a relatively good press. Compared with George V and George VI, she has done rather less well. And compared with George III and Victoria, she did much better at the beginning of her reign but seems less likely to enjoy the sunset apotheosis and uncritical veneration of their later years.

Why so? As in previous ages, the answer lies in a combination of individual royal personality and the broader tissue of national circumstances. In a society where old age is more a commonplace problem than an unusual sign of admirable endurance, it no longer guarantees certain celebrity in the way it once did – witness the almost Pythonesque demise of the Kremlin old guard. To make matters worse for the present Queen, the slot of apotheosised matriarch is not yet even available to her. Indeed, if the Queen Mother outlives her own century, as she seems to have every intention (and capability) of doing, that slot is not going to become available for many years.

As to her own personality, we know little more about it now than we did at the beginning of her reign, despite the BBC's televised attempt on Thursday to make her more accessible. Like her father, she is reputedly pleasant, decent, dutiful, conscientious and high-minded. But, like him again, she is also limited in her education and her social vision, seems lacking conspicuously in imagination and flair, and is conservative enough to regard most change as change for the worse. Whether these are the ideal attributes and attitudes for a head of state in the late-20th century is, perhaps, open to question.

And then there is her family. As the Queen surveys the tribe of which she is the hereditary chief, she must often shudder, and it is difficult not to feel some sympathy. When she acceded to the throne, the royal family consisted effectively of five people: the Queen herself, her husband, her sister, her mother and her grandmother (Queen Mary). But during the past 40 years it has developed into an over-extended, multi-generational dynasty, devoid of any central direction, purpose or justification.

For most contemporary commentators, whose analysis is scarcely more profound than that of the gossip columnist or the "investigative journalist," this is enough to explain the unhappy state and uncertain prospects of the monarchy today. But while individual character, the reaction between the generations, and the creative image of the royal family undoubtedly are important, they are only part – and perhaps the lesser part – of the whole picture. Now, as in the past, the monarchy must be viewed in the broader context of national development and the popular collective mood.

At the time of her Silver Jubilee in 1977, Elizabeth II was anxious to stress that she had been crowned Queen of the United Kingdom of Great Britain and Northern Ireland: that she was, like her forebears, a symbol of British national identity. But in the course of her reign, that sense of national identity has much weakened. Scotland wants devolution, Northern Ireland will surely rejoin the south before the next century is many years old, and England itself is now a multi-racial society. Where exactly does that leave the monarchy as the traditional embodiment of Britishness?

A closely-connected subject, which also has important implications for the monarchy's future, is the fast-changing relations with Europe. It is not just that the Queen's head might disappear from UK bank-notes, coins, even postage stamps – it also is difficult to envisage a serious role for Britain's royal house in any tighter form of continental federation. What would the British monarchy do then?

In previous times, it could have turned to the Empire or the Commonwealth to keep it busy. But the independence of the former colonies, and the changing identities of the old dominions, mean that the Commonwealth is no longer the royalist, Anglophile community it was at the Queen's accession. Yet, it is only as the sovereign of her remaining overseas possessions, and as head of the Commonwealth, that she can lay claim to a genuinely global role. She herself believes passionately in it – but few others do. It will not last. Shorn of its international trappings, how would – or will – the monarchy adjust?

As the British nation itself is re-defined; as Britain's relations with Europe are re-ordered; as the once-British Commonwealth evolves and disperses; and as Britain gradually – and painfully – adjusts to the fact that it is no longer a world power, this is bound to require a fundamental re-thinking of the monarchy's purpose and functions. The old way of doing things – ceremonial grandeur, tax exemptions, overseas tours, gracious smiles – which may have been right at the outset of the Queen's reign, no longer seem acceptable or appropriate. What is to be put in its place?

This has been made all the more urgent because of the impact of Thatcherism on popular perceptions of the monarchy. As a symbol of national identity, Margaret Thatcher, the former prime minister, upstaged the Queen easily. Norman Tebbitt, perhaps Thatcher's closest lieutenant, denounced the Prince of Wales and many Thatcherites regarded the monarchy as just another vested interest, an unacceptable amalgam of snobbery and frivolity. While the welfare state consensus prevailed, the monarchy's position as benevolent referee seemed clear and secure. But now the goal-posts have been shifted, its position seems decidely shaken.

There is little evidence that the Queen, or her relatives and advisers, have recognised the full implications of these developments so far as the monarchy is concerned. And it is here that we must return to personalities again. Clearly, there is need for a serious re-evaluation of the monarchy in the next few decades. Whether the present queen – 40 years in the job and, thus, hardly likely to change her approach to it – is the person to undertake such a re-appraisal is not clear. Nor can we know whether Prince Charles, her heir, would – or will – do any better.

Whoever is responsible, part of the process of the readjustment ought to involve the dismantling of the old, out-of-date imperial monarchy that flourished from the time of Victoria's Golden Jubilee until the present Queen's accession. The tax exemptions, the ceremonial grandeur, the Commonwealth tours, the endless public appearances, the whole sycophantic mythology of imperial ornamentality – all this needs to be scaled down or swept away, and the monarchy brought into line more appropriately with the diminished nation over which it now reigns.

Described like this, the royal future might seem rather unappealing: a moped monarchy which is little more than an hereditary, non-elective presidency. But while the monarchy would be well advised to abandon its recent imperial past, its lengthy history affords other more positive and encouraging precedents. It does not have to be like it is: passive, philistine, bewildered, anachronistic, obsessed with protocol and tradition, and smothered in a courtly embrace redolent of quarter-deck attitudes and saddle-soap.

Previous monarchs have been lively, energetic, cultured, even intellectual: what a refreshing change it would be for that to happen again. Previous monarchs did much more than make an occasional visit to a concert or the opera and were involved, actively and creatively, in the promotion and patronage of the arts: that, too, would be a welcome development. The present Queen might follow the example of George I and use a small part of her enormous fortune to found some new university professorships. She might even set up a Windsor foundation and establish herself as a leader in creative philanthropy.

The real problem with the British monarchy today is that it is not seen to be an active, serious or significant part of the life of the British nation. Doing her boxes, going on stage-managed visits, making speeches she has not written, meeting people only in wholly-contrived social situations – none of this brings the Queen into authentic contact with her subjects. Like all members of the royal family, only more so, she is little more than a tourist in her own country. If the British monarchy is to have a future, she should think about taking up residence for real.

These individual suggestions can take us only so far. It is not just that the British monarchy has lost its way – it is also that the British people no longer have any real collective sense of what they want their monarchy *for*. Just as most societies get the gods they deserve, so most monarchies get the sovereign they deserve. One reason why the British are so uncertain with their monarchy is that they are so uncertain about themselves. For both the Queen and her subjects, there are challenging times ahead.

■ *David Cannadine is professor of history at Columbia University, New York. His most recent book is "The Decline and Fall of the British Aristocracy."*

The four ages of a monarch: Queen Elizabeth II, from her accession in 1952 to the present day

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Lucia van der Post picks Valentine's Day presents for lovers everywhere ... Page IX

The Long View/**Barry Riley**

Fair play in the tax war

ALREADY THERE is a powerful movement to take monetary policy out of the grubby and inflationary hands of irresponsible politicians. Need we stop there? At times like these it can seem an attractive idea that taxation, too, should be made a no-go area for the squabbling and scheming vote-catchers.

I know that the right to design and gather taxes is one of the fundamental powers of a government. As the American revolutionary slogan put it, from the other viewpoint: *no taxation without representation*. Our Conservative government appears to think that tax is its only winning policy area in the imminent general election. Perhaps I could make a compromise proposal: no politician should be permitted to make a statement about tax without prior clearance from an independent fiscal regulator.

Such an Office of Fair Taxation would never have permitted National Insurance Contributions – now levied at 9 per cent of pay up to £390 a week – to have remained alarmingly wide open to deception. Either NICs should be insurance premiums, actuarially justified by defined benefits, or they should be rolled up into income tax. Labour's proposal to levy NICs on higher income groups without extending any corresponding benefits is surely fiscally fraudulent. If the charge were honestly described as income tax, on the other hand, Oftax would have absolutely no grounds for complaints (although perhaps the voters *would*).

All Tory claims that the Conservatives are the party of low taxation would come under especially close scrutiny by Oftax, bearing in mind that tax revenues during the last period of Labour administration represented a lower proportion of GDP than on average during the past 13 years of Tory rule. Taxation is not just a question of the standard rate of income tax. Some people, although Conservative ministers might not understand this, pay more in VAT than in income tax.

Any knighthoods from time to time conferred on the distinguished directors-general of Oftax would not be decided by either government or opposition, but rather by a panel of impeccably objective financial and economic journalists. Come to think of it, ageing but still serviceable commentators might make ideal candidates for the job itself.

The greater challenge for the fiscal regulator would be to prevent the development of ever-increasing complexity in taxation. Politicians have an incentive to raise the nominal tax rates, but offset these with a maze of allowances and exemptions. This is how political power is expressed, and political reputations are made. The doziest Member of Parliament knows how to whip up a national outcry on the issue of imposing VAT on children's clothing. The rational economist, on the other hand, would like to see low rates of tax, universally applied so as to prevent distortion and favouritism.

We have few things to thank Nigel Lawson for, but one was his consistent campaign to bring down tax rates, both personal and corporate. But he could not resist the temptation to introduce his own tax shelters, notably Personal Equity Plans.

And it is not only the creation but also the dismantling of tax shelters that can cause trouble. I was reminded of this by the news during the week that house prices went down yet again during January. Residential property values have been consistently soft since higher rate mortgage interest relief was abolished in last year's March Budget. There are other reasons for the weakness, but the change was singularly ill-timed; an embarrassed Treasury had to wriggle in December to avoid being forced into a U-turn when the government insisted that the house market should be propped up. In the event stamp duty was temporarily lifted instead.

Phasing out tax relief on mortgage interest was perfectly justified in principle, but it should have been done when house prices were booming in the late 1980s. Indeed, Lawson wanted to do it then but was overruled by Margaret Thatcher. So when the Treasury seized its opportunity just four months after Thatcher had gone it was overwhelmingly on political grounds, and was without regard to the developing crisis in the housing market.

You can see a much bigger problem of the same kind with the Labour party's tax proposals. Millions of people earning upwards of about £21,000 a year are faced with large increases in National Insurance Contributions and, above about £40,000, higher income tax, too. In a strong economy there might be a reasonable case for raising higher rates of tax. But the effect in the context of a serious recession is to make an already bad situation worse: not so much a kick-start as a kick-stop. Again, a political decision is being applied regardless of the circumstances.

Moreover, should Labour ever gain power the proposals would threaten to spark off a new wave of evasion (accountants, I know, would call it *avoidance*) of the kind that created so many scandals in the 1970s, when tax was at rates up to 98 per cent on investment income.

One tax rate that Nigel Lawson actually *raised* was that of capital gains tax for those in higher income brackets. This happens to be the time of year when otherwise sane people sell securities one evening and buy precisely the same investments back next morning. This daft procedure creates work for stockbrokers, but benefits nobody else. It happens because CGT breaks the rules of efficient taxation, by being applied at a comparatively high rate (up to 40 per cent) yet with an exemption for gains of up to £5,500 within a tax year. If CGT were charged at a low rate there would be less call for bed-and-breakfasting.

The tax avoidance and investment industries are eagerly looking forward to a Labour government. Already the investment institutions are attracting huge sums into Personal Equity Plans, which make little economic sense for most people except as refuges from high future Labour taxes. Once in power, a Labour Chancellor would no doubt create his own pet tax shelters, for instance regional investment funds, to encourage investment in places which few rational businessman would touch.

You cannot keep the politicians away from the fiscal honey-pot. At least we have representation, but then we have *mis*representation too.

FINANCE AND THE FAMILY

London Markets

January's revival stutters to a halt

By Peter Martin, Financial Editor

THE JANUARY rally ended with the month. Since then, the stock market has been jumpy, with little buying or selling by investment institutions or the public. The FTSE index ended the first week in February at 2,517.2, down 54.0.

There was another way in which the week marked a change of mood. As the chart shows, January was a month in which shares of companies in cyclical industries – GKN in car components, for example, Tarmac in building materials and British Steel in metals – outperformed the market as a whole.

During 1991, these sectors lagged far behind the market as a whole where the good news came from "defensive" stocks – especially the health and household sector of the FT-Actuaries All-Share index dominated by the big international pharmaceutical companies like Glaxo.

In January, when the cyclicals were outperforming, Glaxo was unchanged relative to the index as a whole – scarcely a sign of poor performance but a signal that defensive stocks were, perhaps, about to give up the market leadership. This week, cyclical and defensive stocks suffered together. Tarmac, for instance, closed at 118p, down 3p; GKN at 315p, down 5p; and British Steel at 74p, down 4p. Glaxo also did badly, ending the week at 816p, down 29p.

There is logic behind the cyclicals' stalled recovery, summed-up by Kleinwort Benson's recommendation to avoid all but the strongest shares in this category, at least until the results' season in March and April gives a clearer picture of their financial strength and trading experience.

The imminent results of such blue-chip companies as BP, Hanson and the UK clearing banks are certainly not helping the market's jitters. BP shares closed the week at 275p, down 12p, after chairman Robert Horton called publicly for an OPEC production cut to raise oil prices. The market also was swept by apparently unfounded rumours of dissension on the board about dividend policy. BP's results are due next Thursday.

Hanson is expected to report its first-ever quarterly decline in profits next week; and the first of the clearers, Lloyds, will report a week next Friday.

One important influence on the UK recovery, the interest-rate war between the US and Germany, took a turn for the worse during the week. In Germany, Monday saw a 6.4 per cent wage settlement for the steel workers' union, probably too high to give the president of the Bundesbank, Helmut Schlesinger, any incentive for a speedy cut in interest rates.

He went on to underline the need for monetary stringency in a newspaper interview on Thursday. The next day, the US payroll numbers came in much worse than Wall Street economists had expected, raising hopes of even lower interest rates there.

The pound rose against the dollar sharply on Friday, establishing itself above $1.83. That is not good news for companies exporting to the US (although it is better tidings for the substantial band of companies with big US operations). Against the D-mark, sterling weakened slightly but is still above its floor.

Hopes that the UK might be able to manage a unilateral interest rate cut before the general election seemed to have weakened: short-term money market rates were indicating no expectations of a change in base rates in the near future.

The car industry this week was the recipient of ambiguous news. On the one hand,it was spared any wholesale change in its distribution arrangements by the Monopolies Commission, which recommended a very restrained set of changes despite evidence that UK customers were paying too much for new cars. On the other hand, the car sales figures for January, published on Thursday, were the lowest for that month since 1982 and 30 per cent below those in in January 1989.

Still, the monthly year-on-year fall was the smallest since March 1990, perhaps a sign that the slide in sales is at last slowing. Not fast enough for Ford, though: on Friday, the company announced that 2,100 jobs would go at its UK plant. It was just one of a series of announcements of redundancies by big companies during the week.

While Ford was making headlines by shedding thousands of people, Granada group was in the news for sacking one: David Plowright, the head of its television subsidiary, who departed amid an unusually intense flurry of petition-signing.

The share price suffered to start with but closed at 220p, down only 4p on the week. Any share price weakness might also have reflected, of course, on the way Granada was listed UBS Phillips and Drew's quantitative research team as one of seven stocks to sell.

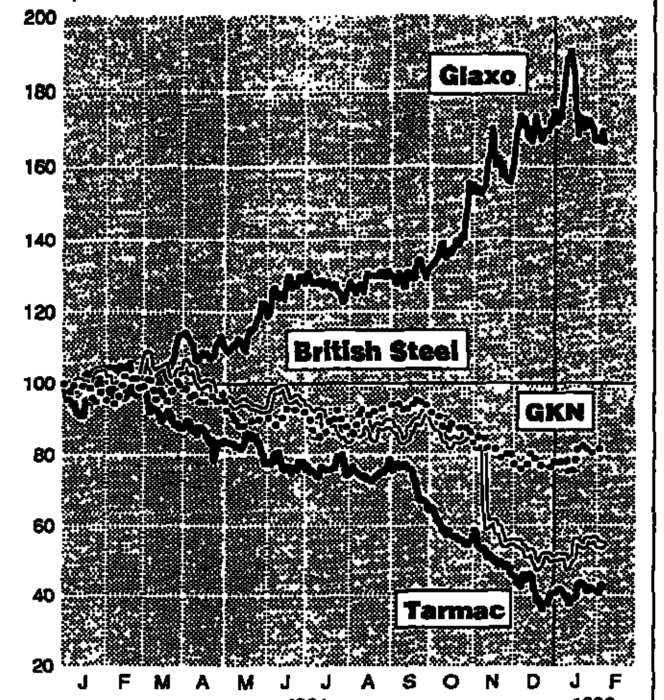
Its recommendations, which reflected in part a shift to a belief in continued recession in 1992, singled-out three sectors – health and households, hotels and leisure, and telephone networks – as sells, and three as buys: chemicals, other industrial materials, and motors.

On the face of it, these chosen sectors look suspiciously like the cyclicals that should do well when recovery comes. So why pick them when you expect continued recession?

The UBS team argues that the continued economic sluggishness will affect domestic consumer and service stocks worse but that internationally-orientated manufacturers, which have cut costs hardest, will do well, especially if a new Labour government tilts the tax and regulatory balance in their favour.

If that is right, the UK is about to enter a period when making things is more profitable than moving paper, something that has not happened on a sustained basis since the early 1960s. Let us hope it happens in the 1990s: without such a shift, it is hard to see the UK surviving inside the ERM.

Share prices relative to the FT–A All-Share Index



Source: Datastream

HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1991/92 High	1991/92 Low	
FT-SE 100 Index	2517.2	-54.0	2679.6	2054.8	Political/economic uncertainty
Allied-Lyons	619	-30	712	460	Doubts over tied pub deal
Bass	520	-31	557	441	US law suit
British Land	249	-24	333	239	Office values drop
BP	275	-12	361	267	Div cover worries/BT switch
Cable & Wireless	579	-26	632	429	BZW profits downgrade
Clarke Foods	92xr	+24	95	43	Positive comment
Elliott (B)	5½	-10½	81	4	Poor results
Grand Metropolitan	919	-23	963	623	High US exposure
GRE	128	-12	238	98	Bid hopes recede
Kwik Save	577	-54	639	464	Profits downgrade
Medeva	292	+16	299	73	Company presentation
Reuters	1090	-38	1150	673	Big placing of stock
Vodafone	351	+11	414	251	UBS Phillips & Drew "buy"
Wilson (Connolly)	200	+14	211	159	BZW sector review

Serious Money

Will gilts outshine the building societies?

By Philip Coggan, Personal Finance Editor

IT MAY BE time for a significant shift in the portfolios of UK savers. After many years in which the rates available from building societies have been far higher than those on long term investments, the gap has narrowed.

Take the rates on offer from a well-known building society such as Alliance & Leicester. On its 90-day notice account, it pays 9.8 per cent gross on balances of between £10,000 and £24,999 and 9.25 per cent on amounts between £5,000 and £9,999. For instant access, the rates payable on the same amounts are respectively 8.8 per cent and 8.7 per cent.

On Thursday this week, it was possible to buy long term gilts at rates of around 9.5 per cent gross – and know that those rates would stay the same for five years or more.

In the jargon of the industry, the yield curve has flattened. This may not have been noticed in the high streets of Britain ("Morning, Mr Higginbotham. Looks like rain." "Aye, and I see the yield curve has flattened again."), but it matters a lot to savers concerned with return and safety.

The indications are that, in their efforts to stimulate the housing market, the building societies are likely to favour borrowers at the expense of savers in the near future.

And if Britain's membership of the ERM does succeed in reducing inflation, interest rates should fall over the next few years. That will be bad news for those with money in the building society, but good news for owners of gilts.

Before buying gilts, investors should be sure they know the jargon. Most gilts have a fixed interest rate, called the *coupon*. A gilt with a 10 per cent coupon and a face value of £100 would pay £10 in gross interest per year.

Gilts are traded and do not normally sell for their face value. So investors must pay careful attention to the *yield*, which has two aspects. The *running yield* is the relationship between the coupon and the market price. A gilt with a coupon of 10 per cent and a price of 80 would have a running yield of 12.5 per cent.

But the gilt will eventually be repaid, so the investor who buys for 80 can look forward to a capital gain. The return in terms of capital gain or loss, plus interest on a gilt, is called the *gross redemption yield*.

So what are the pros and cons of moving money from the building society into gilts?

■ **Security**
Building societies are very safe, given that the industry has a habit of rescuing troubled societies, and a compensation scheme will repay 90 per cent of the first £20,000 an individual deposits.

But gilts offer the absolute security of the British government. Barring revolution, one can be certain that interest will be paid and that the capital will be repaid at face value.

Societies seem likely to favour borrowers at the expense of savers

■ **Certainty of return**
A building society investor can be certain that his capital will be returned at par value. He cannot be sure – save on a limited number of accounts for a limited period of time – of the interest rate.

A gilt investor faces short term uncertainty and long term certainty. He knows the interest rate he will receive and what he will be repaid when the gilt matures.

Because gilts are traded, however, in the short term his holding may be worth more or less than the capital he invested. Gilt prices normally rise when interest rates fall, and vice versa.

■ **Ease of access**
An instant access account at a building society is extremely convenient, provided you can get to a branch. Gilts will never be as accessible but they can be bought and sold through the Post Office. If you want to sell gilts, the proceeds will be posted within three working days. This makes gilts more accessible than a 90-day notice account.

However, gilts are not suitable for frequent payment and withdrawal of odd sums to pay the gas bill.

■ **Tax**
The interest on both gilts and building society accounts is subject to income tax. However, it is possible to make a capital gain on gilts, which would be tax free.

Non-taxpayers can receive gross interest on building society accounts: they can also do so if they buy gilts through the Post Office.

■ **Charges**
There are no charges for deposits or withdrawals at most building societies, although Halifax is introducing the practice for accounts with low balances. You do have to pay a charge for investing in gilts. At the post office, this is £1 for the first £250 invested, with 50p for every further £125; a £10,000 investment would cost £20.

You cannot invest a larger sum than that in one day through the Post Office. In any case, for large sums, you need the advice of a stockbroker. The London-based Killik would charge £146.25 for a single trade of £25,000 (though it advises spreading your investment among a few issues). There is also a small buy-sell spread, which is rarely more than a fifth of a point.

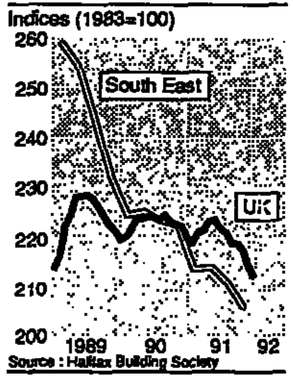
Which gilts should you choose? David Kauders, a Taunton-based investment adviser, illustrated the principles in these pages a few weeks ago. Those gilts trading below par value will offer a lower income, or running yield, but the prospect of tax-free capital gain. Those trading above par value offer higher income but at the expense of capital loss.

Gilts should only be acquired by those investing for the long term, although they might offer the chance for short term profits. But if you like security and a guaranteed return, they could be highly attractive.

AT A GLANCE

House prices

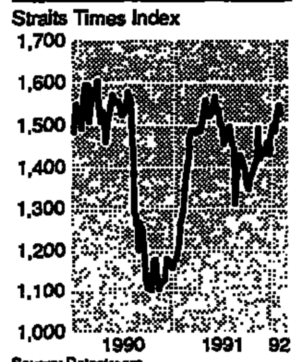
Indices (1983=100)



Source: Halifax Building Society

Singapore

Straits Times Index



Source: Datastream

House prices still falling

House prices in the UK fell by 1.2 per cent in January, after a 1.3 per cent fall the month before, according to the house price index produced by Halifax, Britain's largest lender. The average price of a house last month, at £64,470, was 3.6 per cent less than in January last year. The annual fall in the average price of a new house was even greater, at 4.6 per cent. The south east has suffered the largest falls.

January's figure is disappointing since it follows a series of measures aimed at reviving the market, including the government's decision to abolish temporarily stamp duty on houses purchases up to £250,000 and to convert mortgages into rent. In addition, the largest building societies announced unprompted half percentage point mortgage rate cuts. However, Halifax has reported that these measures have prompted greater activity, with mortgage applications increasing by 50 per cent in the seven days after its mortgage rate reduction.

Sun Life looks to Pacific

Sun Life is launching a Pacific Growth unit trust, which will invest in Far East economies, excluding Japan. The seven countries in which it invests (and the proportions of the portfolio each is expected to represent) are as follows: Hong Kong (36 per cent), Australia (24), Singapore (20), Malaysia (9), South Korea (1) Thailand (2) and Taiwan (2). Around 5 per cent of the portfolio will be held in cash.

There will be a 1 per cent discount during the offer period, which runs until February 28. Minimum investment is £1,000, and there is a monthly savings plan option starting at £25. Front-end charge is 5.75 per cent, annual charge 1.5 per cent.

Annuity rates falling

Annuity rates are on their way down – and this time it is official. Several life offices suggested last year that tax changes would make immediate (non-pension) annuities significantly worse value after the end of December. However, rates did not decline by much. But from March 1, the capital content of the annuity – on which no tax is paid – will be calculated using mortality rates taken from 1979 to 1982. At present they are based on death rates between 1946 and 1948. This will reduce the net income of a 75-year-old man by 4.1 per cent, and of a 75-year-old woman by 2.8 per cent, according to Scottish Provident. The changes will not affect annuities bought by the end of this month.

'Get your tax back' offer

The Inland Revenue has launched a "two ticks and your tax back" advertising campaign with a free telephone inquiry service to encourage people to reclaim tax on interest and dividends. An estimated 15m individuals – who have savings or shares that pay interest or dividends, and who have other income or a pension of less than £60 a week – may be eligible for immediate tax repayments. The Freephone taxback service is open 8am to 8pm seven days a week from February 9 till March 13. The number is 0800-660800.

M&G outlines new trust

M&G has issued preliminary details of its Recovery Investment Trust. Listing particulars will be published on February 14 and the offer will close on March 27. The split capital trust will have three classes of shares: income, capital and zero dividend preference. The yield on the trust is expected to be around that payable on M&G's Recovery unit trust, which currently pays 5.1 per cent.

Small rise for smaller companies

Small company shares made modest gains over the week. The Hoare Govett Small Companies Index (capital gains version) rose 0.3 per cent to 1199.51 over the week to February 6, while the County Smaller Companies Index rose 0.2 per cent to 953.11.

Wall Street

Investors wait for a political jump-start

IT HAS the air of a party which has passed its peak. The music is slowing, the drink is running a little low. Dawn may be near.

True, Wall Street scaled new heights last week, with the Dow Jones Industrial Average closing at 3,272.81 on Tuesday afternoon. But it was a rather half-hearted effort, with an edge of less than one point on the previous record close – set on January 28.

Even Tuesday's record close, moreover, was not mirrored in the broader market indicators. The Standard & Poor's 500-stock index, for example, remained some seven points shy of its all-time peak, although it did move upwards. Significantly, the S&P-500 reached its all-time high almost one week before the Dow, on January 15.

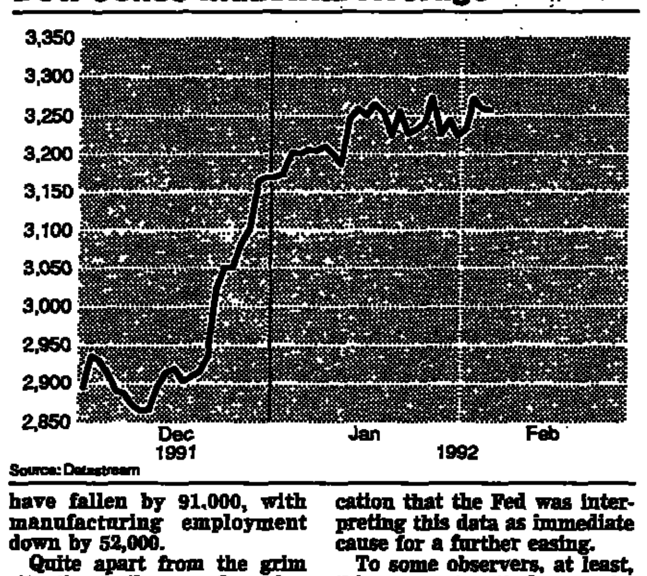
The question hanging over the market, of course, remains the state of the economy and whether – as election campaigning picks up pace – it can hope for even lower interest rates. The gains of the past six weeks have stemmed largely from declining yields on competing investments, coupled with a belief that the authorities will do everything in their power to jump-start the economy.

Accordingly, it was remarks by the Federal Reserve chairman which gave Wall Street such a fillip on Tuesday. Appearing before a Congressional committee, Alan Greenspan noted that while he believed that interest rates to date should prove sufficient to provoke an economic recovery, the Fed was prepared to ease further if necessary.

"We are continuing to evaluate whether some additional insurance in the way of further monetary ease would be appropriate," he remarked as the Fed's policy-setting open market committee began its regular monthly meeting.

It did not take long, however, for worries to set in. Amid heavy trading, Wall Street saw the Dow fall over 15 points on Wednesday, and a further couple on Thursday, as the market awaitedFriday's unemployment report. In the event, that was worse – which, from the market's perspective, means better – than predicted. Non-farm payrolls in January were estimated to have fallen by 91,000, with manufacturing employment down by 52,000.

Dow Jones Industrial Average



Source: Datastream

Quite apart from the grim situation in the manufacturing sector, the retail trade lost some 51,000 jobs in January and all service industries showed a loss of 29,000. The unemployment rate itself remained a 7.1 per cent. Yet, by noon there was little indication that the Fed was interpreting this data as immediate cause for a further easing.

To some observers, at least, this was not entirely surprising: there is certainly a school of thought which argues that there has not yet been sufficient time to measure the impact of the December discount rate cut, and any additional action at this stage would be premature.

Still, the market took the lack of signals to heart. The Dow Jones Industrial Average, having initially risen almost 14 points when the jobs figures were released, had slumped to a loss of around four points by midday on Friday.

Meanwhile, as the corporate reporting season continues to roll, the auguries are mixed. Although no-one could describe many of the earnings reports as cheerful, overall they have at least presented relatively few new horror stories.

GTE, the largest local telephone company, reported a 10 per cent increase in net fourth-quarter earnings while Cummins Engine has forecast a return to profit in the first quarter of the year.

By contrast Pepisco, the large soft drinks, restaurants and snacks group, reported near-static figures, hit by restructuring charges, while a number of large food retailers reported weaker figures as promotional activity continues to sweep the sector.

At Chrysler, the financially-stretched car-maker, there was a fourth-quarter profit of $97m – in line with market expectations – although a $74m loss at the pre-tax level and a warning that it might lose significantly more than that in the first quarter of 1992.

Like so many companies, Chrysler is pinning its hopes publicly on the latter half of the year, helped by launches of its new Jeep Grand Cherokee and LH series of mid-sized saloons.

As for the continuing efforts of the corporate sector to replenish balance sheets, it was the turn of Sears Roebuck last week to announce a $1bn offering of PERCS – the new equity-based security – while American Express plans to raise up to $1bn via the flotation of a minority stake in its credit card-processing subsidiary.

One thing is certain: while the good times are rolling, the canny are certainly cashing in.

Nikki Tait

Monday	3234.12	+ 10.73
Tuesday	3272.81	+ 38.69
Wednesday	3257.60	– 15.21
Thursday	3255.59	– 2.01

The Bottom Line

Docklands EZT dwarfs the competition

JUST as the 800 ft Canary Wharf tower now dominates the London skyline, so events in the Docklands Enterprise Zone towered above the tax shelter market last week.

The Enterprise Zone Trust announced for Docklands on Thursday dwarfs all previous EZTs. The Cabot Square Trust aims to raise £215m for 10 Cabot Square, a building on the Canary Wharf development. The previous largest EZT raised £60m.

Olympia & York, the Canadian property company responsible for the Canary Wharf tower, is the developer. IPS organised the deal, and Property Enterprise Managers will manage the trust.

EZTs offer arguably the strongest shelter from tax now available in the UK. Money invested in EZ property qualifies for top-rate tax relief, so 40 per cent taxpayers effectively only part with 60 per cent of the value of their investment. Minimum investment is £5,000. There is no upper limit.

Tax treatment is this favourable because property investment in EZs – run-down areas which the government thinks worthy of support – is speculative. Tax relief comes to little if the investment is not safe.

But the sponsors have gone out of their way to make sure the Cabot Square Trust does not run into difficulties.

Investors have a "put" option after ten years. If a majority of the trustholders vote to exercise it, O&Y will have to buy back the property for the price paid by the trust this year – £215m. For all its well-publicised problems, it is likely to be able to pay this.

The real coup is that O&Y's ability to pay has been guaranteed by Morgan Guaranty, a triple-A rated US bank. This makes this part of the deal as secure as can reasonably be expected of any investment. Top-rate taxpayers effectively have a certain capital gain of 67 per cent over ten years.

It is also a great deal for Olympia and York – even if investors exercise their "put". O&Y has negotiated a ten-year interest-free mortgage.

And even Morgan cannot guarantee a rate of inflation. Over the ten years to the end of 1991, the cost of living index rose by 73.5 per cent. Average inflation over the last five years has been 6.4 per cent.

Exercise O&Y's "put" option in March 2002, and you receive an equivalent annual compound interest of 5.25 per cent. Many economists argue that inflation will be lower than this during the 1990s, but 5.25 per cent is not that exciting.

In return for a limit on potential "downside", investors must accept a series of "call" options for O&Y which limit the "upside". After 12 years, O&Y can buy back the building from the trust for £230m – a 78 per cent increase over 12 years. At the end of 2006 (after 15 years) it would pay £264.5m (105 per cent). This rises to £322m (150 per cent) after 20 years, and £382.3m (196 per cent) after 25.

O&Y's purchase price rises by £11.5m each year. This steadily diminishes the equivalent compounded annual return received by investors. In the unlikely event that O&Y leaves it this long the effective annual interest rate after 25 years would be less than 5 per cent.

However, none of this accounts for income from the rental yield, which would start at 7.325 per cent. This is revisable upwards after five years, although some analysts, such as Stephen Bantoft of the Allenbridge Group, are bearish about the chances of this happening.

The yield is just high enough to allow a self-financing investment. Tax relief is allowed on loans taken out to finance EZ investment, if they are serviced using rental income. Fixed rate finance is available from the Bank of Scotland to help this.

Investors might foresake their income, but would make no effective outlay. In return, they would receive tax relief at the beginning of the investment, and, following the sale of the building, effectively receive the value of their tax relief again. This aspect of the deal, which Cabot Square shares with other EZTs, could be attractive. But the Bank of Scotland's requirements will be strict.

This is a low risk instrument of potential use in tax-planning. Investors wanting more chance of an "upside" should balance their portfolio with other tax-efficient investments, including EZTs and BES companies. They should also seek professional advice.

John Authers

Promoters give hard sell to single company Peps

***Scheherazade Daneshkhu** and **Philip Coggan** explore a new product*

THE single company personal equity plan (Pep) is one of the newest products on the financial market and it is being promoted heavily in advance of the end of the tax year and a possible Labour government. Investors can place up to £3,000 of one company's shares in a plan, in addition to any £6,000 Pep they might have taken out in the tax year.

As with other Peps, returns in a single company plan are free of capital gains and income tax. But as David Rough, director of investments at Legal & General, warned small investors this week: "The tax advantages of single company Peps are more than outweighed by the increased risk of linking an investment to the fortunes of one company".

Single company Peps are most suitable for two groups. Employees who acquire shares through an approved options scheme can transfer them into a single company plan without the problem and cost of a bed-and-breakfast operation (where the shares are sold and then re-purchased).

Then there are people who already have a diversified portfolio of investments. Those who own the shares will face transfer costs already; but others may simply have decided to buy the shares as a long-term investment, in any case, and use the Pep as a tax-efficient means of doing so.

The choice is between Peps sponsored by the companies themselves and the general schemes of plan managers.

One obvious factor is cost. Many of the companies which sponsor their own plans offer cut-rate deals. Scottish & Newcastle's plan, for example, which is managed by the Bank of Scotland, makes no initial charge and a half-yearly management charge of 0.25 per cent. There are brokerage commissions of 0.25 per cent on dealings within the Pep.

Normally, it will be cheaper to go for a company-sponsored Pep. There might, however, be good reasons for turning to a plan manager. Your chosen company might not have its own Pep arrangements.

There is also the question of transferring your plan from one company to another. This could take considerable time if you have opted for a sponsored Pep – time in which the share price of the new company in which you wish to invest might move considerably. So those who expect to be reasonably active traders of shares should opt for a plan manager's Pep.

Some of the cheaper single company Peps are being offered by plan managers as self-select Peps. The table, compiled by Chase de Vere, shows most of the deals on offer; but here are further details of some of the prominent offers. (Cost assumes buying £3,000 of shares, twice-yearly dividend collection unless indicated, and includes 0.5 per cent stamp duty).

■ **Lloyds Bank.** No initial charge but there is an annual fee of £20 plus VAT. Lloyds puts purchases through as part of a bulk deal twice a month at a very low brokerage cost of 0.2 per cent. Dealing at other times will be at the standard 1.6 per cent, subject to a minimum of £25. No charge for collecting dividends. Choice is limited to 100 single-company Peps. Cost: £44.50.

■ **Pilling & Co** (061-832-6581). No initial or annual management fees. Brokerage is £1.65 per cent subject to a £30 minimum. It costs £6.75 for the tax reclaim per dividend. There is no charge for closure but Pilling reserves the right to levy £25 for a transfer to another plan manager. Cost: £78.

■ **Killik & Co** (071-589-1577). There are no initial charges or annual administration charges. There is a brokerage charge of 1.65 per cent to buy the shares, subject to a £40 minimum, and 0.5 per cent stamp duty. There is also a £7.50 charge for reclaiming tax on any dividends. Killik reserves the right to charge £10 for closure. If you invest the full £3,000 in a single company's stock you can, therefore, expect to pay £49.50 in brokerage, £15 in stamp duty and – if it is a company that pays twice-yearly – £15 for collecting dividends. Cost: £79.50.

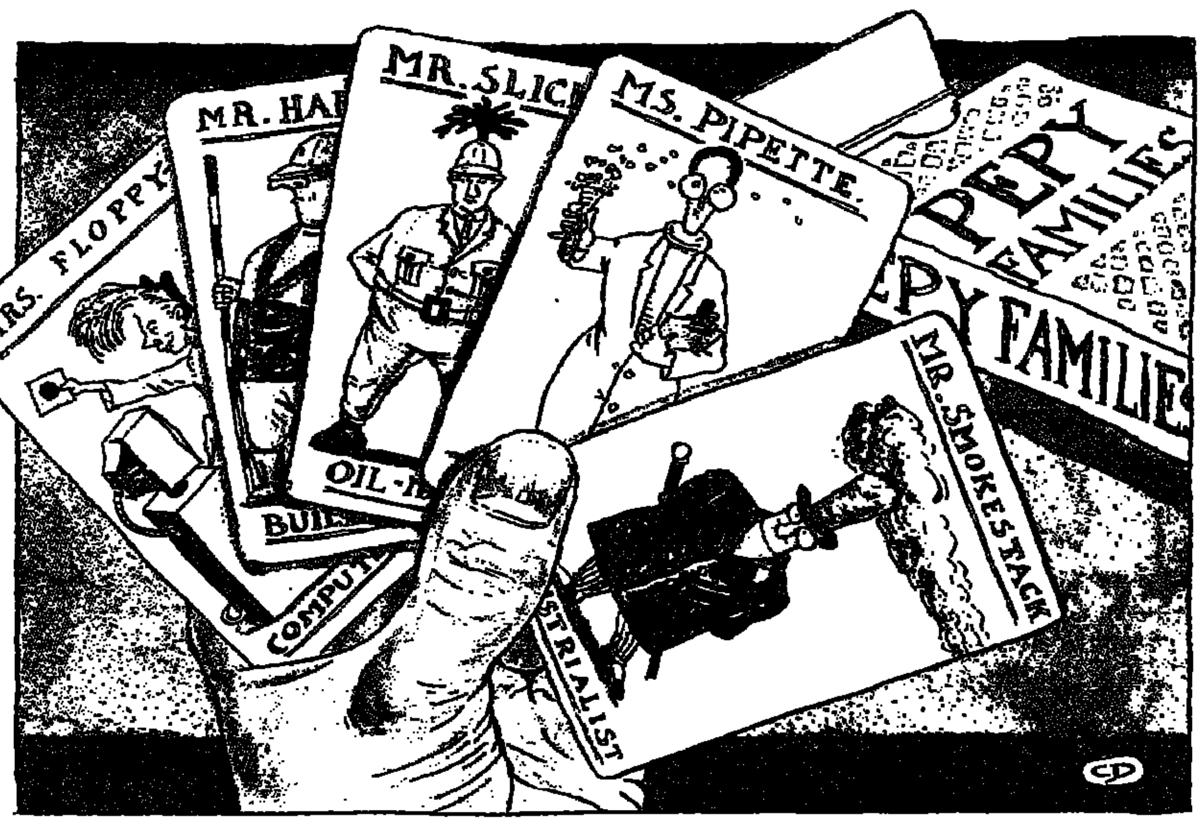
■ **John Siddall & Co** (061-832-7471). You need £10 as an initial payment to open the Pep and there is an annual administration charge of 0.5 per cent and VAT. Commission rates are 1.25 per cent and there is no minimum rate. No charges for collecting dividends, nor for closing or transferring the Pep. Cost: £80.13.

■ **Yorkshire Bank.** No initial fee but there is an annual administration charge of 1.5 per cent plus VAT. Brokerage charges are 1 per cent but you are subject to a minimum investment of £1,500. No dividend charges but closure will incur 0.75 per cent of the value of the Pep (half the annual fee). Choice limited to FTSE 100. Cost: £97.88.

■ **Bell Lawrie White** (031-228-5777). No initial charge but there is a 1 per cent annual administration fee plus VAT. Dealing charges are 1.6 per cent, subject to a £30 minimum. One free withdrawal a year is permitted; otherwise, there is a £25 charge. The company encourages shareholders to let dividends accumulate within the Pep. Cost: £98.25 (excludes dividend collection).

■ **Reyker Securities** (071-499-9097). There is an initial charge of £20 and an annual administration fee of 1 per cent plus VAT. Reyker does no brokerage itself but uses the broker of your choice or its recommended broker, charging 1.5 per cent commission. There is no charge for withdrawals or closure other than brokerage costs of selling the shares. No charge for closure, but transferring to another plan manager will cost 1 per cent of the value of the Pep. Cost: £115.75.

Finally, a note on the choice of company. It must be a stock which you are prepared to hold for the long term. A good yield is preferable so as to take advantage of the income tax exemption. But shares with very high yields will be risky and could result in a capital loss (which will not be offsettable against CGT gains elsewhere in your portfolio). The trick is to find find a stock with the prospect of steady dividend and capital growth.



Single Company PEPs

Company	Initial charge	Annual charge	Notes
Alb E Sharp	4%+VAT	1.25%+VAT	Man ♠
Allied Prov	none	1%+VAT	SS, Man □
Bank of Scot	none	1%+VAT (SS)	SS, Man, Ded
	none	1.5%+VAT (Man)	
	none	0.5%+VAT (Ded)	§
Bell Lawrie	none	1%+VAT	SS
Brad & Bing	£5+VAT	£10+VAT	Ded ‡
Brown Ship	1.5%+VAT	1%+VAT	SS
CCF Foster	5%+VAT	1.25%+VAT	Man
CC&P	0.5%-1%+VAT	0.5%+VAT	choice of 48
Chas Stanley	£10+VAT	0.75%+VAT	Self-select
Credit Suisse	1.5%+VAT	1.5%+VAT	choice of 12
Fidelity	3%+VAT	1%+VAT	Man
Gartmore	3%+VAT	1.25%+VAT	Man
Hargr Lans	£15 inc VAT ☆	£30+VAT	SS
Henderson	4%+VAT	1.5%+VAT	Man
Hend Crosth	£30+VAT	1%+VAT (SS)	SS, Man
	£30+VAT	1.25%+VAT (Man)	
Hill Osb	none	0.75%+VAT	choice of FT-SE
Invesco MIM	5%+VAT	1.5%+VAT	Man
James Fin	up to 1.5%+VAT	up to 1.5%+VAT	Ded
Jarvis Inv	none	1%+VAT	SS
John Sidd	£10 inc VAT♣	0.5%+VAT	SS
Killik	none		
Kleinwort	5%+VAT	0.5%+VAT	Man
Lloyds	none	£23.50 inc VAT	Choice of 100
Marsden	£25+VAT	1%+VAT	SS
Mercury	3%+VAT	1%+VAT	Choice of SS ♠
NatWest	£30 inc VAT	0.5%+VAT	Choice of 60
Neilson C	none	1%+VAT	SS
Pilling	none	none	SS
Pointon Y	none	£75+VAT	SS, Man
Pru Hol	1%+VAT ✓	0.5%+VAT	
Reyker	£20+VAT	1%+VAT	SS
Sharelink	none	0.5%+VAT	only BT
Sheppards	£23.50 inc VAT	0.5%+VAT	SS
Trumark	1%+VAT	1%+VAT (Man)	Man, SS
	5%+VAT (SS)	1.5%+VAT (SS)	
Ulster Bank	£30 inc VAT	1% + VAT	SS
Wise Speke	£10+VAT ✓	1% + VAT	Choice of 17
Yorks Bank	none	1.5%+VAT	Choice of FT-SE

Notes: SS = self-select, Man = managed, Ded = dedicated. ♠ available to existing PEP holders only. □ available to existing clients only. § choice of Scottish & Newcastle, Rank Hovis McDougall and Bank of Scotland. ‡ choice of 15 schemes. ✓ none for existing PEP holders in Pru's case, or existing clients in Wise Speke's case. Source: Chase de Vere.

Stolen card refund

WHEN a cash card and its personal identification number get intercepted in the post, an account-holder can suffer needlessly if his bank does not act promptly to put things right.

A foreign student, staying for a few months in London to learn English, opened an account at the Fulham branch of Barclays Bank in November last year. He deposited £2,000 and waited for his cash card to arrive. It never came. Instead, almost all his money was siphoned from his account.

When he complained to the bank, he was told he would get a refund and given a £150 credit to tide him over. But 10 further visits to the branch produced no action and his requests for an interview with the manager were refused.

An approach to Barclays' regional head office produced a promise to help – but still nothing happened. Now, however, after being contacted by the *Financial Times*, Barclays has investigated the case and the money has been refunded in full.

A Barclays' representative said: "The case should have been referred to our fraud department and then the refund would have been made, but this does not seem to have happened in this case. We are still trying to find out why. We can only apologise."

David Barchard

FINANCE AND THE FAMILY

It's time to top-up your Tessas

HOLDERS of Tessas (tax-exempt special savings accounts) should be topping them up on the anniversary of their opening. As well as the £3,000 maximum for the first year, a further £1,800 can be deposited during the second. Yearly instalments paid into the Tessa can build up to the maximum of £9,000 in the fifth year. Interest will be earned tax-free if you keep in the capital for the full five-year term. However, you can draw net interest during that period and the balance of the interest will be paid on maturity.

Obviously, the best returns are on maximum deposits, but the largest banks and building societies are allowing savers to open Tessas with as little as £1.

Christine Bayliss, investment editor of *Moneyfacts*, points out: "On small amounts, the interest paid on many Tessas is often far better than the similar rate on normal savings accounts. Even without the tax relief, many of them would still be best buys."

As the table shows, gross Tessa rates vary between 10.5 per cent and 11.4 per cent, compared with 2.35 per cent and 7.4 per cent on ordinary savings accounts. Abbey National's Tessa pays 11.1 per cent on just £1, for example, compared with 4.8 per cent on its Instant Saver account. The best Abbey Instant Saver rate is 9.35 per cent – and that is obtainable only on deposits of £25,000 or more.

Given these rates, savers should take a close look at using Tessas as an ordinary savings account. The difference is that you will not have multiple access to your deposit. The effect of drawing out the capital will result in the Tessa being closed and you will receive a net rate of interest on the deposit. But, as we have seen, this will be substantially higher than the rate a taxpayer would receive on the ordinary savings accounts.

There are two main ways of treating the Tessa like an ordinary savings account. One is to be careful to put aside small amounts of money that you know you will not need. Many people are tempted to put in more into a Tessa than they can afford and then find they have to draw on the capital, resulting in closure of the account.

Another way is simply to open a Tessa knowing you might not be able to run it for its five-year term. If you were to put in, say, £2,000 for one year in Abbey's Tessa, you would receive the net rate of interest of 8.325 per cent, amounting to £166.50 (assuming the present rate holds).

The same amount in the tiered Instant Saver account would earn 5.93 per cent net, or £118.60 – £47.90 less than on the same amount in the Tessa. Also, there is nothing to stop you taking out a new Tessa later to gain the same advantage. Using Tessas in this way is, however, against the spirit in which the scheme was devised, which was to encourage long-term savings, and banks and building societies may devise penalties to prevent depositors doing it.

It is also important to ask about any early-closure penalty. At the moment, it is usually just the loss of gross interest, but there could be an adminstration fee as well.

Scheherazade Daneshkhu

Tessas vs Savings Accounts

	Savings Accounts Rate(%)	Min dep(£)	Tessa Rate(%)	Min dep(£)
Abbey Nat	4.8	1	11.1	1
Barclays	5.0	1	11.0	25
Lloyds	5.0	1	10.5	100
Midland	6.89	1	11.0	100/10pm
Nat West	4.56	1	10.5	1
Halifax	3.0	50	11.4	50
Nationwide	7.4	1	10.9	25
Woolwich	2.36	1	10.75	25
All & Leic	3.90	10	10.9	10
Leeds Perm	5.05	25	10.55	25

Source: Moneyfacts. Rates quoted gross.

Ecus surge ahead

*But are they valid? asks **Scheherazade Daneshkhu***

IS IT now time to get serious about the Ecu (European Currency Unit)? Once a curiosity in the foreign exchange markets, Ecu-denominated funds have expanded considerably over the past few years. As well as Ecu bonds, there are now Ecu deposit accounts, Ecu gilts, Ecu-denominated managed funds, even Ecu cheque accounts – but, of course, still no Ecu cash.

While the continuing recession, plus political and economic uncertainties caused by the coming UK general election, have made the fate of the pound uncertain, British investors with sterling-denominated accounts may be wondering if the Ecu is a safer haven for their funds.

The value of the Ecu is fixed as a weighted basket of the value of the currencies of the 12 European Community member countries. Each of these currencies is pegged within the European exchange rate mechanism (ERM) of the European Monetary System (EMS). The present exchange rate of the Ecu is around 1.4 to the pound.

The main feature of the ECU is that its value is roughly an average of the EC currencies. It cannot perform as well as the healthiest currency but it cannot do as badly as the weakest. Since sterling is the weakest member of the ERM, then a switch into Ecu deposits holds out the possibility that the value of an investor's funds will rise if the pound then devalues. There are, however, obvious risks.

If sterling is not devalued and is, instead, defended by a rise in British interest rates, then the investor who switches into Ecus will lose out. Over five years, high UK interest rates made the average growth in offshore sterling funds 68 per cent compared with 41.5 per cent for Ecu funds. Last year's cut in interest rates meant that Ecu returns were more competitive over one year: 9.9 per cent against 10.6 per cent for sterling.

There is also a long-term point. It is one thing to hold dollars in the knowledge that you will be packing up to go to the US when you retire, but quite another to hold your assets in one currency and your liabilities in another. You are vulnerable to exchange rate rises and falls on income and capital.

But those who hold two or three European currencies already are likely to find it makes sense to hold Ecu funds as a way of equalising risk between the different currencies. Howard Flight, managing director of Guiness Flight Global Asset Management, describes the Ecu as a "valid vehicle for someone who wants middle-of-the-road European currency block exposure."

'It's still a long way from being the everyday Euro-currency'

For the private investor, one attractive way of holding Ecu funds is in an offshore fund where interest is rolled-up within the fund instead of being paid out. Although this does not avoid liability to tax, it can postpone the evil day. You will not be taxed until you decide to redeem your investment (wholly or in part), but the advantage is that you choose when to do this.

If, for instance, you are a higher-rate taxpayer, you can wait until retirement when you would become a basic rate-payer. At the moment, Rothschild Asset Management is paying 9.77 per cent on its sterling offshore roll-up funds and 9.73 per cent on its Ecu funds. There is no minimum deposit.

Fidelity Investments also has an Ecu money fund. The gross yield is 9.7 per cent compared with 9.9 per cent on the sterling fund, and interest is paid gross. You can decide whether to have it accumulated or paid out at six-monthly intervals. There is no minimum investment and an annual 1 per cent management charge. If you are a UK resident, you will have to pay income tax on the interest.

Investors who prefer government bonds can buy the 10-year Ecu gilt issued last year by the UK government and yielding around 8.4 per cent. But the Ecu gilts do not enjoy the favourable tax treatment of sterling-denominated bonds, which are exempt from capital gains tax. The income is paid gross but must be declared for tax purposes.

Minimum investment is Ecu1,000 and both interest (paid annually) and eventual redemption (in 2001) are payable through agents – usually the large international banks and financial houses which trade in the bonds – in Ecus.

You would need to set up a currency account with your bank, denominated in Ecus, to receive the proceeds of the investment. The large banks will open Ecu current and deposit accounts but these are usually subject to a much higher minimum deposit than for sterling. The National Westminster bank, for example, requires a minimum deposit of the equivalent of £1,000 in Ecus.

Although the Ecu market has grown, particularly in the corporate sector, it is still a long way from being the everyday Euro-currency dreamed-of by its supporters.

News in Brief

Cheltenham & Gloucester Building Society has trimmed the rate on its London postal share account from 11.25 per cent gross to 10.4 per cent. Other accounts have also seen rate cuts of 0.75 per cent, including the flexi-Tessa which now pays 11.25 per cent.

Net annual rates on three Leeds Permanent savings accounts will be reduced by 0.38 and 0.45 per cent from Monday. Liquid Gold, the instant access account, pays 6.94 per cent net or 9.25 per cent gross on balances over £10,000. Full details of the new rates will be available in Leeds Permanent's branches from Monday.

* * *

In the wake of the recent fall in mortgage interest rates, lenders have offered a plethora of fixed rate mortgages. Most are still over 10 per cent. One exception is Nationwide building society which has a three year fixed rate at 9.95 per cent (11.8 per cent APR), but this is tied to the sale of a buildings and contents policy through the society and customers must also take out mortgage protection insurance through Nationwide.

Norwich and Peterborough has launched two new fixed rate mortgages. Customers can chose between 10.25 per cent (APR 11.70 per cent) fixed for two years or 10.40 per cent (APR 11.70 per cent) for three years. There is a £50 non-refundable application fee and a further £145 payable on completion. The mortgages are portable.

The Mortgage Corporation has a 10.55 per cent two year fixed rate mortgage with a guarantee that it will not rise above 12.99 per cent in the third year.

Capital Home Loans, the French mortgage lender, has a 10.75 per cent (APR 11.0 per cent) fix for five years, subject to a £295 fee.

Birmingham Midshires's two year fixed rate offer is 10.65 per cent (APR 12.1 per cent) till January 1994, but it is not available for repayment mortgages and on remortgages, it cannot be used for capital raising. The fee is £150.

Almost all fixed mortgages carry some early redemption penalties – usually varying between three and six month's interest. But some lenders make their mortgages portable, meaning that it can be transferred to another property.

* * *

Balliol College, Oxford, might not seem the most needy of institutions, but BES tax relief is available on investments into it. This was one of the most interesting BES offers to be launched this week:

■ Airways V will continue to buy accommodation to be let primarily to British Airways employees;

■ Blue Horizon Developments is raising £750,000 for a film adaptation of Julian Barnes' novel *Metroland* – more speculative, but more fun;

■ Celtic Tankers will buy and operate oil and product tankers – shipping companies, like assured tenancies, have an upper investment limit of £5m.

■ First Residential Properties, a "predator"-type company, will buy property in Greater London,

■ Hunter, from Property Enterprise Managers, is also a "predator"-type scheme, buying housing in the south east,

■ Oxbridge Colleges Cash Backed High Growth, sponsored by Johnson Fry, offers the opportunity to invest in Balliol, Magdalen, Wolfson and New Colleges, Oxford and Girton College, Cambridge. There is a buy-back guarantee of 125p after five years for every £1.00 spent now.

The Week Ahead

British Petroleum is likely to report sharply lower pre-tax profits for its fourth quarter on Thursday, following the steep decline in oil prices late last year. Analysts' estimates go as low as £48m, although this is expected to be boosted to just over £100m by gains from asset sales. This compares with a fourth quarter profit of £456m for 1990.

Full-year profits for 1991 are also likely to be down on the previous year by about 10 per cent to just under £1bn. All sectors are expected to have shown a decline, including refining and nutrition.

Interest in Reuters Holdings, the financial information and news group, will focus on Wednesday not so much on its annual results, but on how trials are going of the long-delayed second phase of Dealing 2000, its automated trading system for foreign exchange, and of Globex, which will provide screen-based trading of futures and options.

Their success is likely to be key to the future growth of Reuters, which has had to cope with retrenchment in the world's financial centres. Analysts are expecting pre-tax profits of around £334m to the end of December, compared with £320m.

Amstrad, the consumer electronics group headed by Alan Sugar, is expected to announce an interim pre-tax loss of between £15m and £18m on Tuesday.

In a PC market disrupted by oversupply and weak consumer demand, Amstrad has had to cut prices to combat competition from the likes of IBM and Philips.

The first half is traditionally the better half for Amstrad as Christmas boosts sales, but this past season children bought Nintendos instead and the company described sales in the run-up to Christmas as dramatically down on the previous year. The one promising area, satellite dishes, has also been weakening.

Hanson, the Anglo-American conglomerate, is expected to report its first yearly quarter fall in pre-tax profits when it announces its results on Thursday. Forecasts for the three months to the end of December range from £220m to £240m. Last year Hanson reported a 7 per cent increase in taxable profits to £241m.

COMPANY NEWS SUMMARY

TAKE-OVER BIDS AND MERGERS

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £ms**	Bidder
	Prices in pence unless otherwise indicated				
AmBrit	9½	9	8	6.28	United Energy
Cityvision	46* ◆	50	25	67.9	Blockbuster UK
Do. 8.5% Cnv Pf	80* ◆	82	66	7.1	Blockbuster UK
Marina Devs.	180*§	175	98	31.22	Yattendon Inv.
Pickwick Grp.	234	233	173	62.71	Carlton Comm.
Robinson (Thos)	27½	27	12½†	43.48	BM Group
Steetley	394	331	274	615.74	Redland
Thornton (G.W.)	210	200	203	13.92	Bromsgrove Inds
Trevian Hldgs	45*§	44	40	2.87♣	Frogmore Ests
Wilkes (J.)	195	188	177	34.31	Petrocon

*All cash offer.††Cash alternative. §For capital not already held.‡Unconditional.**Based on 2.30pm prices 7/2/92. †At suspension. §§Shares and Cash. ♣ For 58% not already owned. ◆ Or alternative of 1 Blockbuster share valued at 60p for each Cityvision ord. share, and at 83p for each Cityvision pref. share.

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
AmBrit International	Dec	127	(164)	0.19	(0.25)		
Anglia Secure Homes	Sept	16,900 L	(8,890 L)	-	(-)	-	(-)
Dale Simpson	Jul	2,100	(4,600)	-	(-)	-	(-)
Drayton Far Eastern	Dec	1,050#	(711#)	0.92	(0.84)	0.825	(0.8)
Embassy Property	Mar	9,490 L	(1,280)	-	(10.1)	-	(5.0)
Fleming Claverhouse	Dec	2,030#	(2,169#)	10.14	(10.84)	10.5	(10.0)
Fyffes	Oct‡	27,100	(26,300)	6.73	(6.73)	1.14	(1.04)
IBM (UK)	Dec	124,000L	(420,000)	-	(-)	-	(-)
Merlin Int'l.	Jun	21,300 L	(25,900L)	-	(-)	-	(-)
Northern Rock	Dec	54,600	(42,300)	-	(-)	-	(-)
P&P	Nov	711	(13,100)	0.9	(18.5)	4.33	(4.25)
Printech Int'l.	Dec‡	2,540	(3,270)	7.5	(9.7)	2.0	(2.0)
Ramsden's (Harry)	Sept	561	(549)	6.8	(6.6)	4.5	(4.5)
Seacon Holdings	Sept	1,680	(1,580)	12.05	(13.9)	4.2	(3.5)
Securiguard	Nov	5,030	(3,860)	17.0	(14.0)	8.5	(8.0)
Sep International	Sept	303	(2,330)	0.48	(3.07)	0.2	(1.04)
Tilley Int'l.	Sept	9	(-)	0.2	(-)	-	(-)
Updown Invest. Co.	Feb	618#	(531#)	15.45	(13.27)	12.0	(11.0)

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
Airedale	Sept	58,100 L	(58,300L)	-	(-)
Albrighton	Sept	347 L	(257 L)	-	(-)
Alphameric	Sept	377 L	(1,750)	-	(-)
Benson Group	Nov	225	(35)	-	(-)
Black (Peter)	Nov	4,620	(5,310)	0.77	(0.77)
British Thornton	Oct	20	(413 L)	-	(-)
Castletown	Oct‡	71	(114)	0.9	(1.26)
Courtyard Leisure	Sept	58 L	(49)	-	(-)
CRT Group	Oct	2,610	(2,470)	0.575	(0.5)
Dyson (J&J)	Sept	347	(671)	2.0	(2.0)
East German Inv Tst	Dec●	2,530	(-)	0.05	(-)
European Motor	Sept†	735 L	(2,720 L)	-	(-)
Finlan Group	Sept	2,120 L	(5,950 L)	-	(-)
Flextech	Sept	3,900	(3,130)	-	(-)
Hambro Currency	Dec	1,390#	(1,510#)	-	(-)
Helical Holdings	Oct‡	820	(1,280)	0.65	(0.65)
Heritage	Oct	96 L	(198 L)	-	(-)
Kelt Energy	Sept	4,130 L	(6,900)	-	(-)
Kleinwort High Inc.	Dec	-	(-)	3.75	(-)
Menzies (John)	Oct	2,100	(200)	3.6	(3.4)
Neepsend	Sept	172	(742)	0.5	(0.5)
Oliver Resources	Apr‡	272 L	(199 L)	-	(-)
Palmerston Hldgs.	Sept	476	(3 L)	0.5	(1.65)
Raglan Property Tst	Sept	685 L	(3,380 L)	-	(-)
SelecTV	Sept	178	(85)	-	(-)
Shield Group	Sept	1,340 L	(955 L)	-	(-)
Welsh Industrial	Oct	-	(-)	-	(-)
Wentworth Int'l.	Sept	436	(251)	-	(-)
Wholesale Fittings	Oct	1,210	(2,500)	3.23	(3.23)

(Figures in parentheses are for the corresponding period.)
*Dividends are shown net pence per share, except where otherwise indicated. L = loss. † = Last years figures for 15 months. ‡ = Figures quoted in Irish pounds and pence. # = Net revenue. ● = Figures quoted in German D-Marks.

RIGHTS ISSUES

Senior Engineering is to raise £26.6m via a 1-for-4 rights issue at 58p.

RESULTS DUE

Company	Announcement due	Dividend (p)* Last year Int.	Last year Final	This year Int.
FINAL DIVIDENDS				
Anglo & Overseas Trust	Friday	1.75	4.4	1.75
Baldwin	Monday	1.4	1.4	1.4
British Petroleum	Thursday*	3.95	4.2	4.2
Crest Nicholson	Thursday	3.0	4.65	-
EFM Java Trust	Monday	-	1.0	-
Fleming Fledgeling Inv Tst	Wednesday	1.0	2.5	1.0
General Consolidated Inv Tst	Wednesday	4.3	6.11	4.3
Manchester Ship Canal	Tuesday	-	4.5	-
Moorfield Estates	Wednesday	1.6	1.2	-
Reuters Holdings	Wednesday	4.4	10.6	4.7
St Modwen Properties	Wednesday	-	0.5	-
Throgmorton USM Trust	Wednesday	-	3.65	-
Tottenham Hotspur	Monday	1.0	-	-
Trust of Property Shares	Thursday	-	1.36	-
Yeoman Investment Trust	Thursday	5.5	1.5	5.5
INTERIM DIVIDENDS				
Allied Leisure	Wednesday	1.5	3.25	-
Amstrad	Tuesday	0.4	1.0	-
Bailey (CH)	Monday	-	-	-
BOC Group	Thursday●	10.2	11.0	-
British Airways	Tuesday‡	2.8	6.05	2.94
Bryant Group	Tuesday	1.4	3.4	-
Bucknall Group	Friday	1.3	3.5	-
Elbief	Tuesday	0.18	0.31	-
Fleming Overseas Inv. Tst.	Tuesday	1.5	2.5	-
GT Venture Investment Co.	Thursday	-	2.5	-
Hanson	Thursday●	3.15	7.85	-
North American Gas Inv. Tst.	Thursday	1.12	1.72	-
US Smaller Companies Inv Tst	Monday	-	-	-
YRM	Tuesday	1.65	3.35	-

*Dividends are shown net pence per share and are adjusted for any intervening scrip issue. ‡ = Third quarter figures. ● = First quarter figures. * = Quarterly dividend payments.

FINANCE AND THE FAMILY

How to . . . pay for long-term care

A lifeboat for your old age

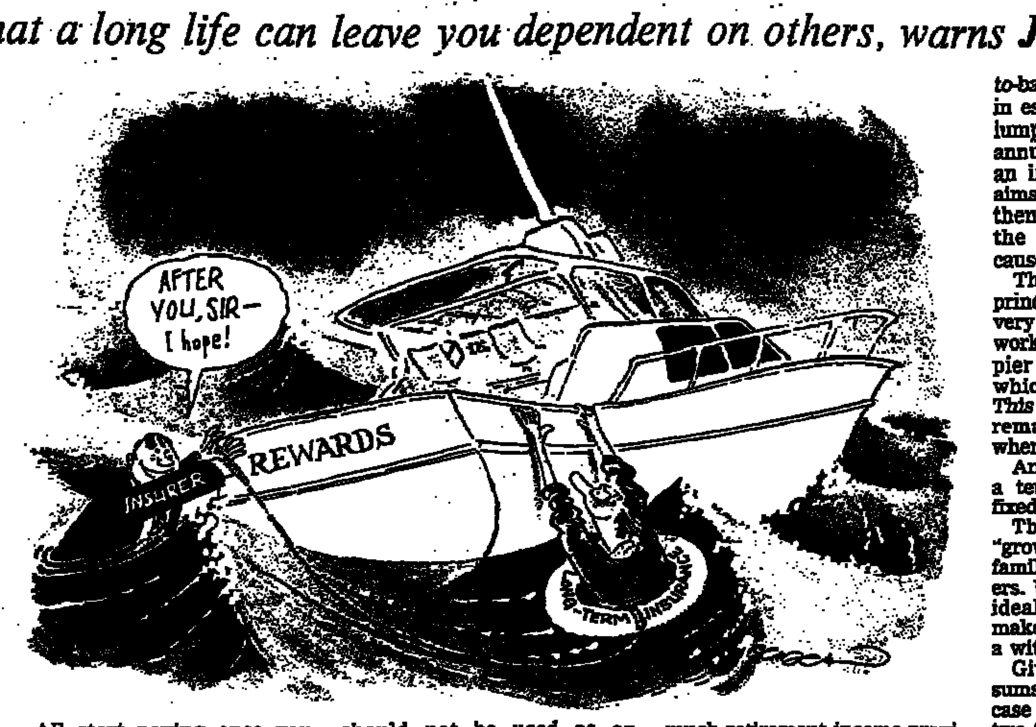
Do not forget that a long life can leave you dependent on others, warns ***John Authers***

PEOPLE live longer nowadays.

That's the good news. The bad news is that because of this many more of us now face a period of dependency, or long-term care.

Private residential care is not cheap, particularly if you stay there for a long time. It can eat up a lifetime's savings. It might, therefore, be worth taking financial action to prepare for it.

The same thought has occurred to insurers. Over the last year, a series of insurers have dipped their toes into the water of long-term care (LTC) insurance. The need, for all of us, is obvious – but so are the risks, on both sides.



Big changes in the UK's demography have created the need for LTC insurance. These are still a long way from the fixed actuarial certainties which life insurers use when doing business. Instead, they rely on survey evidence and claims experience from other countries.

A few more significant medical advances over the next two decades, and the insurers could see a sharp increase in claims.

This means that premiums are high. There is also a risk for the consumer. If you regularly pay out premiums, on top of all your other insurance payments, from the age of 40 through to 80, and then die suddenly in your sleep, the insurance will not look like good value.

Add to this the fact that direct comparisons between the schemes on the market are impossible, as none of them are identical, and life for the consumer gets even harder. Apart possibly from experienced medics and far-sighted actuaries or underwriters, it is difficult for anyone to tell what is good value and what is not.

Once you have taken all these strictures on board, the guidelines should still help you to find at least the most appropriate provisions for you.

There are three times when you might want to take action:

■ **While you are still working**

These are the most ambitious schemes. Commercial Union, MGI Prime, Aetna and PPP are the four companies to have entered the market thus far.

All start paying once you can be shown to need long-term care. CU, Aetna and PPP use a scale of "Activities of Daily Living" (ADLs). For example, PPP lists six: Mobility (the ability to get in and out of chair or bed), washing, dressing, feeding, toileting, and continence. Once you have failed tests for a certain number of them, you are eligible for payouts. Policies also pay out on diagnosis of mental illness.

MGI Prime has a more ambitious method of measurement, and a scale of 19 qualifying disabilities, including blindness, deafness and loss of dexterity.

MGI and PPP aim to take a "hands-on" approach to care provision, and fees are paid direct to the care providers which they help to choose.

CU, which does not have such a strong background in health insurance, still offers a "care consultant" counselling service, and will arrange for you to be cared for at home as long as possible.

Aetna's Generations plan, unlike the others, has an investment element, so you can stop paying the premiums and still receive some money. Your heirs can receive the bulk of what you have paid in after you die. However, the policy should *not* be used as an investment in its own right.

You choose a level of income for which you wish to insure, and then pay the premiums. Within 90 days of your failing the ADL tests, Aetna starts paying you the income.

The problem with all of these is the premium. These are not directly comparable, but for example, take the following research, from the magazine *Moneywise*. For cover of £300 a week, inflation-proofed, a 50-year-old woman would need to pay £70.70 monthly to Aetna, £127.30 to CU, and £53 to MGI Prime. By the age of 70, these figure increase to £339, £263.26 and £160 respectively.

■ **When you retire**

One product is on the market. Cannon Lincoln offers the Oasis Plus annuity on retirement. This gives you a 10 per cent worse initial annuity rate than you would normally have, but then increases substantially in the event that you need long-term care.

The pension escalates by a factor which will vary according to your sex, and the age when you started drawing the pension, 90 days after you fail an ADL test. The factor can be as high as 400 per cent.

Those who do not have much retirement income provision apart from their pension will probably have to give this one a miss. But if you are reasonably comfortable about the strength of your investments, and there is reason to believe that you might be needing long-term care – if your parents had a lengthy old age, for example – this adroitly thought-out product could make sense. It may not be long before other companies, with better annuity rates, imitate it.

■ **When you need to move into residential care**

Now the choice is much simpler – you know the costs, and the need is just to make paying them easier. Three companies have offered tailor-made products, all based on an annuity.

Remember that at this late stage, any method you choose is going to cost either you, or your children. These schemes will ease financial pain to an extent – but they are unlikely to pick up all of the bill.

However, annuities can offer value in these circumstances, because they will normally be taken out by people with a very limited life expectancy.

Another possibility, for those anxious to preserve their estate intact for their heirs, is to use a variation on the "back-to-back" annuity deals popular in estate planning. You take a lump sum, put half of it in an annuity, and the remainder in an investment vehicle which aims for capital growth. This then attempts to make good the shortfall in the estate caused by buying the annuity.

That explains the general principle, but you need to do very precise sums to make it work. You might also be happier if you buy an annuity which is "capital-protected". *This guarantees to repay any* remaining original capital when the annuitant dies.

Another option is to take out a temporary annuity, with a fixed term of five or ten years.

The possibilities for the "growth" investment should be familiar to *Weekend FT* readers. Unit or investment trusts, ideally held within a PEP, make sense, as, possibly, would a with-profits bond.

Given the difficulty of the sums involved, there may be a case for choosing one of the two "packaged" long-term care payment plans, from Clerical Medical and Pearl.

Clerical offers a five-year temporary annuity, into which a third of the funds should be paid. The remainder goes into a unit trust PEP. The plan's minimum investment is £15,000 and it is open to anyone under the age of 95. Pearl offers a ten-year capital-protected annuity, back-to-back with a with-profits bond.

Eagle Star offers the most ambitious scheme, which could be of use if you have a lot of capital. You pay a large sum to Eagle Star, which then promises to pay your care fees for life. Payments increase by the RPI plus 2 per cent each year, and rates are better if you are in particularly bad health. There is a return of capital if death occurs within six months (or within a longer period, if you are prepared to pay more).

This plan is expensive, but does effectively guard against the risk of living a long time in costly care.

Finally, beware of buying insurance you do not need. A fee-charging adviser might offer you better value, given the high commission levels of many of these products.

Advice found wanting

THE British consumer takes pot luck when seeking financial advice, according to a study in *Which?*, magazine of the Consumers' Association, *this* week.

Two *Which?* investigators each visited 20 financial institutions – including banks, building societies, accountants, solicitors and insurance companies as well as independent advisers – giving detailed case histories and asking for advice.

A panel of experts then commented on the advice given – and found the standard to be mixed. "Many investments suggested would have made a lot of commission for the advis*ers but were not suitable for* the investors," says *Which?*

Another common mistake was not identifying investors' priorities. *Which?* says: "Many advisers didn't explain recommendations, leaving investors to work out why they were supposed to be suitable."

The Financial Services Act requires advisers to give cli*ents a Buyers' Guide, tell you* if they are tied to one company or are independent, and the regulatory body to which they belong. A third of the FSA-regulated companies visited by *Which?* did not supply a guide.

The investigators noted wide variations in standards of advice within the same class of institution. One investigator found that the Yorkshire Building Society thought it sufficient to deal with his requirements in a single 'phone call. *The other found that* "Yorkshire conducted the meeting as a good adviser should."

Which? also reports a mixed performance from the life insurance companies. One investigator found that General Accident and Friends Provident gave very good advice, but the panel felt the advice given by insurance com*panies to the other investigator* did not meet his needs.

Banks were criticised, with the experts finding that they "generally failed to get enough personal information." The Midland adviser's explanation of a Tessa was described as "inaccurate and misleading."

Independent advisers were praised for the suggestions they gave one of the investigators. For the second, however, the magazine says: "The suggestions were fairly heavy on *the insurance bonds, a good* commission-generating investment for the adviser."

Philip Coggan

DIRECTORS' SHARE TRANSACTIONS IN THEIR OWN COMPANIES (LISTED & USM)

Company	Shares	Value	No of directors
SALES			
Allen	125,160	155	1
Argyll Group	451,880	1,339	4 *
Berkeley Group	1,000,000	2,555	1
Bibbey (J) & Sons	47,922	87	1 *
Central TV	1,000	11	1
Chemring Group	4,623	37	1
Clyde Blowers	201,374	604	1
Elect Data Processg	3,400	13	1
Greenalls Group	27,472	107	2 *
Haemocell	300,000	432	2
Hammerson "A"	30,000	149	1
Huntleigh Technlgy	4,000	12	1
Liberty (NV)	60,000	258	1 *
Marks & Spencer	244,870	730	1 *
MMT Computing	48,751	38	1
Prestwick	60,000	38	1
RMC	2,000	12	1
Sidlaw Group	200,000	500	1
Sphere Inv Tst Zero	87,770	59	1
Whatman	7,500	31	1
PURCHASES			
Beckman	50,000	33	1
BET	30,000	47	2
Clyde Blowers	299,999	900	1
Explaura Holdings	100,000	16	2
Hartstone	4,469	12	2
Hazlewood Foods	50,000	61	1
Inchcape	4,667	20	1
MMT Computing	48,751	38	1
Richmond Oil & Gas	825,000	56	1
Saville Gordon	275,000	96	1
Shaftesbury	65,000	33	2
Simpsons ofCornhill	200,000	55	1
Sphere Inv Tst Inc	150,000	28	1
Trafford Park	700,000	364	1
Wharfedale	440,000	75	1

Value expressed in £000s. Companies must notify the Stock Exchange within 5 working days of a share transaction by a director. This list contains all transactions, including the exercise of options (*) if 100% subsequently sold, with a value over £10,000. Information released by the Stock Exchange 27-31 January1992.

Source: Directus Ltd, Edinburgh

Directors' Transactions

IN December, the chairman and chief executive of Merchant Retail Group each sold 500,000 shares. The former received 34.5p per share; the latter 36.5p. On January 9, the company issued a profits warning and the shares weakened. Another director has also been dealing in the shares, this time buying 325,000 shares at prices between 17 and 18p, less than half the price at which his colleagues sold only weeks beforehand.

Two directors in Haemocell, the bio-technology stock, each sold 150,000 shares at 144p. Both directors still retain sizeable holdings in Haemocell, where losses have risen over the last three years.

In December Wharfdale, the loudspeaker manufacturer, announced a placing and open offer to raise approximately £2.25m. The terms of the deal allowed directors Sir Gordon Brunton and Peter Totte to subscribe for up to 8m shares at the placing price. Sir Gordon, new chairman of Wharfdale, has also bought further shares in the market, paying up to 19.25p.

Directors of Berkeley Group, the housebuilder, bought shares at 210p in July 1990 and sold some at 348p last September. Now J D Farrer, the chairman, who is due to retire at the end of May, has sold 1m shares at 255p.

Angus MacDonald, Directus Ltd

THE BEST RATES FOR YOUR MONEY

	Account	Telephone	Notice/ term	Minimum deposit	Rate %	Int. paid
INVESTMENT A/C's and BONDS (Gross)						
Norwich & Peterborough BS	Postmaster	0733 371371	Instant	£1,000	11.30%	Yly
Coventry BS	Instant Option	0203 252277	Instant	£40,000	11.55%	Yly
Birmingham Midshires BS	First Class	0800 444109	90 Day	£25,000	11.75%	Yly
				100,000	12.30%	Yly
Heart of England BS	Election Bond	0926 405488	Elec Day	£5,000	12.00%	OM
Skipton BS	Money Market Plus	0756 700500	31.12.92	£2,500	11.69%	OM
Nationwide BS	Capital Bond	0793 694465	2 Year	£10,000	12.30%	Yly
TESSAs (Tax Free)						
Allied Trust Bank		071 626 0879	5 Year	£9,000	13.24%	Yly
National Counties BS		0372 742211	5 Year	£3,000	13.10%	Yly
Darlington BS		0325 487171	5 Year	£1	12.90%	Yly
Exeter Bank		0392 50635	5 Year	£250	12.00%	Qly
HIGH INTEREST CHEQUE A/Cs (Gross)						
Caledonian Bank	HICA	031 556 8235	Instant	£1	10.00%	Yly
UDT	Capital Plus	0734 580 411	Instant	£1,000	9.90%	Qly
Chelsea BS	Classic Postal	0242 521391	Instant	£10,000	10.70%	Yly
				£25,000	11.20%	Yly
Portman BS	Prestige Cheque	0800 373175	Instant	£50,000	11.50%	Yly
OFFSHORE ACCOUNTS (Gross)						
Portman Channel Islands	Channel Isls Acc	0481 822747	Instant	£500	10.20%	Yly
Bradford & Bingley	Maximiser Ind	0624 662663	90 Day	£25,000	11.00%	Yly
Yorkshire BS Guernsey	Key Extra	0481 719898	180 Day	£25,000	11.75%	Yly
				£50,000	12.25%	Yly
Bristol & West Intl Ltd	Intl Bond II	0481 720609	30.11.92	£50,000	12.50%	OM
GUARANTEED INCOME BONDS (Net)						
Prosperity Life FN		0800 521546	1 Year	£25,000	8.90%	Yly
Financial Assurance FN		081 367 6000	2 Year	£5,000	8.85%	Yly
Consolidated Life FN		081 940 8343	3 Year	£2,000	8.70%	Yly
Liberty Life FN		081 440 8210	4 Year	£25,000	9.10%	Yly
Aetna		0800 010575	5 Year	£25,000	9.15%	Yly
NAT SAVINGS A/Cs & BONDS (Gross)						
	Investment A/C		1 Month	£5	9.50%	Yly
	Income Bonds		3 Month	£2,000	10.25%	Mly
	Capital Bonds C		5 Year	£100	11.50%	OM
NAT SAVINGS CERTIFICATES (Tax Free)						
	36th Issue		5 Year	£25	8.50%F	OM
	5th Index Linked		5 Year	£25	4.50% +Infln	OM
	Childrens Bond F		5 Year	£25	11.84%	OM

This table covers major banks and Building Societies only. All rates (except Guaranteed Income Bonds) are shown Gross. Fixed= Fixed Rate (All other rates are variable) OM= Interest paid on maturity. N= Net Rate. B= Bond.
Source: Moneyfacts, The Monthly Guide to Investment and Mortgage Rates, Walsham House, Stalham, Norwich.

Why cheating does not pay

The taxman will catch up with you eventually. ***Caroline Garnham*** *explains how*

THERE IS NOTHING wrong, nothing criminal and nothing illegal about opening a numbered Swiss bank account or holding investments abroad in a nominee name.

Under UK tax law you are not prevented from doing anything – *provided you tell the Revenue.* If what you do is not taxable you have nothing to fear. For example, if you are UK resident and non-UK domiciled (ie you live in the UK but it is not your home country) with careful planning you can legally avoid income tax, capital gains tax and inheritance tax – with the Revenue's full knowledge.

All income and gains on which you are liable to pay tax, whether in the UK or abroad, must be notified to the Revenue within 12 months whether you are asked to make a return or not. If you do not, you could find yourself liable not only for the tax on the profits, but also interest for late payment and a penalty of an amount equal to the tax foregone. In practice, the maximum penalty is rarely imposed and depends on your co-operation with the Revenue.

In spite of the fact that more money would be payable by not declaring tax than by declaring it, there are still some who take the bullish attitude that what the Revenue does not know, the Revenue cannot tax. But remember: the Revenue has access to all your tax returns from previous years and is encouraged to have its ears to the ground and its eyes everywhere.

If, *suddenly,* there is a drop in level of investment income you declare but your circumstances stay the same, or your investment income remains the same but your circumstances improve, the Inspector could become suspicious.

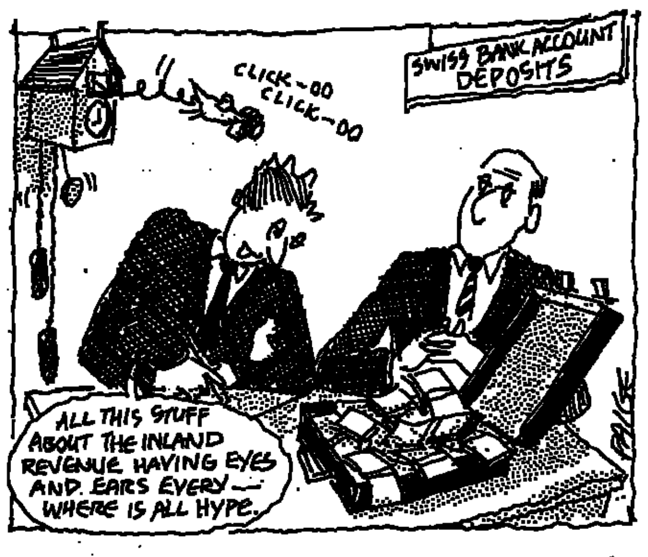
Inspectors are expected to read newspapers, check trade directories, scour the register of local planning applications and anything else which could indicate an unexplained change in circumstances of a taxpayer. They are also expected to have an open door to any tittle tattle, whether from scorned spouses, discarded lovers, aggrieved employees, envious colleagues or covetous neighbours.

Whichever way Inspectors are tipped off, once they suspect you have not declared all your income or capital gains their powers of obtaining information are awesome.

The first thing Inspectors will do is their homework. They will check whether the information given is, or could be, correct. The Revenue has a formidable array of investigative powers at its disposal. It can obtain information from banks, building societies, HM Land Registry, ship/aircraft registries, DSS and tax accountants.

It can also require any person to produce any document in their possession which the Inspector may suspect contains information about the tax liability of the person it is investigating. Where the Revenue suspects that assets have been transferred abroad, it can ask not only for documents but can also ask anyone anything which could give the Inspector information relating to the taxpayer's tax liability.

To prevent any complicity, there are criminal sanctions which can be levied against the adviser, confidante or friend who deliberately supplies false particulars to the Revenue. He or she can be prosecuted for "cheating". Not very long ago a well-known London solicitor provided false particulars to the Revenue out of compassion for a sick, elderly client – and was prosecuted for cheating and fined £10,000.



A common ploy if Inspectors have reason to suspect that there are profits which have not been declared is to make an assessment on you to the best of its judgment. It is then up to you to prove that you are not liable to pay this tax. This shifts the onus of proof to you, the taxpayer.

If Inspectors suspect substantial undeclared tax, or if you are not co-operating, they will usually read you the Hansard Extract (so called after an answer in Parliament given in 1944) to encourage you to co-operate – it sets out the policy of the Commissioners of Inland Revenue in regard to instituting criminal proceedings for alleged frauds on the Revenue. You will then be asked whether your business accounts and tax returns are correct and complete. Your answers must be made in writing and signed.

In addition, the Inspectors of Taxes will usually require you to list all the bank and building society accounts you have power to operate, to list all your assets, and make you certify that you have not missed out anything.

If you delay in replying, or give inaccurate, misleading, negligent or fraudulent replies, at the very least you could be fined. At worst you could be sent to prison under the charge of submitting false accounts with the intention of defrauding the Revenue or, if a forgery is discovered, for forgery.

So, let us assume that your German uncle dies leaving you £250,000 in a numbered Swiss bank account. You are now obliged to inform the Inspector of Taxes of the profits on your windfall. You decide, for whatever reason, not to tell the Inspector straightaway, but to tell all if ever you are asked. The years slip by, and the Inland Revenue does not ask you any leading questions. The fund grows substantially – as does the amount of tax due.

Before letting this situation continue, think what could happen in the future. You could get divorced; you could require a further injection of cash into your business; your business could fail; you could upset an employee; or irritate an employer; your friends and family could turn against you – and just when you do not need any further problems, the Revenue, like a sleeping Rottweiler, awakes. You must then disclose everything to the Revenue, and pay the tax *and* penalties *and* interest. After all that, you may find that your German inheritance is substantially less than if you had declared it to the Revenue at the outset and paid tax in the normal way.

Even if you manage to escape disaster and the Revenue during your lifetime, you may be storing up untold miseries for your children, who may not only have to pay inheritance tax but substantial back tax as well when they bring the money into the UK or spend it. The worst thing of all is when you die leaving money abroad but no record of where the money is or who is holding it. You may have succeeded in saving tax during your lifetime but left nothing for your family, benefiting only the Swiss banking system.

■ *Caroline Garnham is a tax lawyer with the City firm of solicitors Simmons & Simmons.*

Options in a busted market

David Cohen *on what happens to share incentives when a company collapses*

THE PLIGHT of pensioners in insolvent companies has been in the news. The other big employee benefit – share incentives – is even less likely to have any value if a company collapses. But though the shares will be worthless, the ways in which the main employee share schemes are structured will mitigate employee losses.

Far and away the most popular incentive plan is the executive share option scheme. Selected executives are given the right to buy their employer's shares in the future at a fixed price – usually the market value when the right is created. If all goes well and the share price hardens optionholders will be able to pick up stock at low cost.

But if the company becomes insolvent – or, for that matter, suffers a less dramatic decline – the optionholders can let their options lapse and will lose no more than the initial option fee, usually a nominal £1.

This assumes that corporate disaster strikes *before* the executive has decided whether to exercise his option. Optionholders who take up the shares to which they are entitled will suffer in common with all other shareholders if their company subsequently falls from grace.

While executive options tend to be restricted to actual and potential directors, savings-related options must be offered to all full-time staff who have completed up to five years' service. Again, the option structure eliminates the downside risk until the shares are actually purchased at the end of a five- or seven-year term.

The additional factor is that these company-wide rights must be linked to an Save As You Earn contract with a bank or building society. The key point of reassurance for employees is that these savings contracts will be unaffected by the insolvency of the scheme company.

Nevertheless, since the rationale of this savings plan is to fund the purchase of option shares, the collapse of the company may well prompt employees to cease further payments and withdraw what they have contributed.

Whether this will be the best policy will depend upon the stage reached in the five-year saving period, and what rates of return can be obtained on similar "safe" investments. The interest rate to maturity is a very competitive 8.86 per cent a year tax-free, whereas a premature withdrawal of funds will knock this down to 5 per cent.

Thus, employees who can curb the inclination to wash their hands of anything connected with a bankrupt employer will often be well-advised to see the contract through to its conclusion.

Profit sharing schemes are the other government-sponsored form of share incentive and have the same broad catchment area as savings-related options. The company pays a proportion of its profits to trustees, who buy shares in the company which they then allocate to employees – although the shares usually remain registered in the trustees' names for five years.

Employees pay nothing for these shares and are generally not taxed on the benefit of receiving them. So if the shares subsequently become worthless, employees might be expected to adopt an "easy come, easy go" approach.

That analysis will, however, be over simplistic if scheme participants took shares as an alternative to a cash bonus, or if the scheme was "contributory", ie receipt of free shares was conditional on paying for a matching number of bought shares. In either situation employees will regret having put extra eggs into a corporate basket-case rather than conserving their cash.

The most important current development in employee incentives is more likely to damage creditors than employees, if insolvency strikes. More companies are setting up employee trusts – "ESOPs" – which use borrowed funds to purchase shares which are then distributed via the conventional option or profit sharing schemes.

Banks lending to ESOPs invariably require a guarantee from the employer company. If, after an ESOP has purchased shares, the price declines, the likelihood of the guarantee being called will increase. So the use of an ESOP by a shaky company risks giving a further twist to the spiral of decline.

This scenario was played out to ultimate ruin when British & Commonwealth collapsed in 1989. Its mammoth liabilities were bloated by a £40m guarantee in support of an ESOP which had accumulated a substantial stake in the company.

Where the downward momentum is as strong as in B & C's case, there is little danger of any of the ESOP shares ever reaching the employees. Indeed, cynics might speculate that ESOPs set up by ailing companies sometimes have motives which are far removed from the extension of employee ownership.

It is true that an ESOP can use its sponsoring company's resources to prop up a crumbling share price. This is the only lawful way in which a company can support its own stock – but it will only be lawful if the prime objective is genuinely to boost corporate profitability by enhancing incentives, rather than to put a floor under the market.

Finally, the answers you and the Select Committee have been waiting for. Yes, Mirror Group Newspapers does have an ESOP. No, there is as yet no evidence that it was used to rig the MGN share price.

■ *David Cohen is a solicitor and a partner in the City law firm of Paisner & Co.*

An Adviser's View

Think hard before moving offshore

John Edwards *discusses the implications of Labour winning the general election*

THE RUSH is on, with financial advisers suddenly in demand. Usually, there is an annual surge of activity at this time because of the coming Budget and the end of the tax year on April 5. But now there is a powerful extra incentive: the chance of the Labour Party winning the general election and changing the whole tax structure radically.

Labour is thought unlikely to act retrospectively to nullify existing arrangements, except possibly to cancel any changes made in next month's Budget. So, people want to take advantage of existing tax-saving opportunities while they can – just in case.

Labour's statement that it might phase-in its plan to scrap the ceiling on National Insurance contributions by employees has created extra uncertainty. What, for example, would happen to the proposed 9 per cent surcharge on investment income over £3,000 a year? This is supposed to ensure that those with "unearned" income also are liable for the extra amount paid by workers following abandonment of the NI ceiling. But if the ceiling is retained, then surely it would be equally unfair just to add an extra tax on unearned income.

There are plenty ofother questions to be answered.

Personal equity plans and business expansion schemes are on the potential hit list for scrapping by Labour, and there are question marks as to what will happen to capital gains tax and pensions. Traditionally, those with accumulated wealth have looked to transfer their money abroad to try to keep it safe from the clutches of a socialist government intent on "soaking the rich." But times have changed and any such move needs careful consideration.

Labour Party representatives, including shadow chancellor John Smith, have made clear that they do not intend to re-introduce exchange controls. For a *start,* such a move would be incompatible with membership of the European Community. And such restrictions would, in any case, be very difficult to enforce because of the international financial networks that now allow money to be transferred so easily and quickly.

What Labour might do is use the tax system to discourage any big flow of funds from the UK. This could be achieved by using both the carrot and the stick. Either favourable tax concessions could be confined to domestic investments, or tax penalties could be imposed on money or assets being transferred, or held, abroad by British citizens.

UK residents already must pay tax on their world-wide assets, including earnings from offshore investments and deposit accounts, even if no money is actually brought into Britain. Since 1989, they also must pay tax on capital gains made from switching between sub-funds in "umbrella" funds offshore.

Special action was taken in

Labour's John Smith

1984 to block the tax loophole provided by roll-up, or accumulation, funds which avoided any immediate tax liability by distributing only a small percentage of any income arising from interest or dividend receipts. Instead, the value of the fund was rolled-up.

It was decided that any gains from such funds would, when eventually brought back to the UK, become liable to income, rather than capital gains, tax. At that time, the top rates of income tax were a lot higher. This measure is now less punitive because income and capital gains tax rates have been equalised. But gains from roll-up funds cannot take advantage of the capital gains indexation allowance or the annual exemption, which is at present higher than the income tax allowance.

Nevertheless, an excellent guide just produced by Guinness Flight and written by Donald Elkin, a long-time contributor to the *Weekend FT,* points out that offshore roll-up funds have special attractions for UK investors – especially those thinking about living or retiring abroad. Their main advantage is that they enable you to defer paying tax until it suits you – preferably when UK rates, or your personal tax liabilities, are at a low level.

If you are planning to leave Britain, possibly on retiring, you might be able to avoid paying any UK tax at all. So, anyone thinking of moving abroad would be well advised to consider the offshore route.

For those remaining in Britain, however, there is a dilemma. Would moving funds offshore before the election really be of any benefit if Labour won?

If you are strongly anti-Labour, it could allow you to sleep easily at nights. You might also avoid any restrictive taxes that were introduced.

But you could also find yourself in an awkward situation where your overseas investments would face unfavourable tax treatment that would cost you more in the long run.

Anyone thinking about investing offshore also has to consider that, normally, there are extra costs, simply because there is an additional administrative layer. These costs are reflected in higher charges, which can negate the benefits for a fund of operating in a tax haven.

Then, there is the extra risk, or inconvenience, factor. If the money is in Britain, then at least the UK regulatory and legal systems can provide some direct protection and you can even check physically on the people holding your funds.

It is a different matter offshore, though. You might have no idea of where your money is being held or the workings of the local legal and regulatory systems. It will probably be much more complicated, and costly, to deal with any disputes. In some cases, it might be a lengthy process to prove ownership should the named holder of the fund or account die.

If you do not like the prospect of a Labour government, there is no Berlin wall to prevent you, or your money, from going anywhere in the world. But unless you feel that moving money into an offshore fund is justified in its own right to suit your needs, there could be little to gain from anticipating an event that might never happen.

■ *John Edwards is an investment consultant with Kidsons Impey Financial Services, Hereford.*

MINDING YOUR OWN BUSINESS

Tales from the skin trade

***Nick Garnett** meets Angus Greenlees, who does chic things with chickens' feet*

"WHEN WE had the shop people would come in wanting to buy something unusual. They would look around the eelskin range, examine some pieces made out of salmon skin and if they couldn't find want they wanted, as a last resort, we would say: 'Well, we have some things in *chickens' feet*.' They would either run out of the shop or turn round, like what they saw and buy it."

Angus Greenlees is in the skin trade. Exotic skin: wallets and shoes in eelskin, hip flasks in salmon skin, handbags in the skin and bone wrapping which envelops the stingray. No chinchilla, sable or mink in sight, but this year will see personal accessories in lizard-skin-like chickens' feet covering and the snake look-alike pelt of the frog.

"People like the feel of natural leathers, but with most exotic skins you are encroaching on the environment," Greenlees says. "I am trying to create an alternative which doesn't offend people, using leathers people like the feel of, but can be assured that their use is not destroying a species or over-exploiting the environment. They are skins from creatures caught principally for food."

Using factories in South Korea and Thailand as well as Northamptonshire (for salmon skin products), Greenlees buys in a wide range of goods, from penholders and spectacle cases to belts and briefcases. They are all made out of the type of fishy hide that hardly comes first to mind when buying hubby's slippers or aunt Agatha's lipstick case.

Environmentally friendly it might be, but putting Greenlees Leathers on a sound financial footing is proving more troublesome. Sales of £100,000 in 1990 rose to £120,000 last year, providing the company with a net profit of a few thousand pounds. Greenlees, its only employee, took a salary of about £10,000. Stocks are expensive to hold, the recession has badly hit the market and there is a larger competitor run by Greenlees' former partner, Michael Benjamin. Nevertheless, the 28-year-old agriculture graduate hopes to open a shop in central London this year, supplementing the mail order business he runs from his home.

Benjamin had a shop in London selling eelskin products which Greenlees joined in 1989, the partnership breaking up the following year. When Greenlees Leathers was established, Greenlees put in £30,000 of his own money, mainly to purchase stock. He also arranged a bank overdraft facility of £15,000.

Members of his family out in Thailand, where stingrays are farmed for food, supplied the names of companies using the soft but tough armour-plated skin – which includes the ray's central jewel bone – to make purses, wallets, shimmering handbags and briefcases. The salmon skin is tanned in

> *'Many customers are middle aged women buying for themselves or their husbands'*

Scotland and the Northamptonshire manufacturer provides Greenlees with flasks, jewel boxes, jewellery, wallets and waistcoats.

A wide range of eelskin-covered products form the backbone of the company. The eel that is used is eptatretus bergeri, a primitive creature scavenging off dead creatures deep in the Pacific. The eels are caught in something similar to giant lobster pots and landed in South Korea. Slime is scraped off, they are then soaked in degreasing fluids and dropped into revolving vats with tanning chemicals and dyes. The eel's unique skin structure, with tiny latticed collagen fibres, provides stronger material than that of a calf but is one tenth as thick and with no smell. You would not know the smooth material was eel except for the giveaway marking, a few millimetres thick, which runs down the middle of the creature's back.

Items made from sea animals are not cheap. An eelskin jacket wallet retails at £28, wholesale £11.50. An eelskin handbag retails at £108, wholesale £46. A briefcase made from the skins of four small stingrays costs £350 retail.

For a lot of people, using the pelt of a slimy creature verges on the creepy. So who would buy things made from these unusual pelts? "We are in the gift business", says Greenlees. "We are not in the fashion business. For one thing that would involve holding too much stock. A lot of our customers are middle aged women buying for themselves or their husbands."

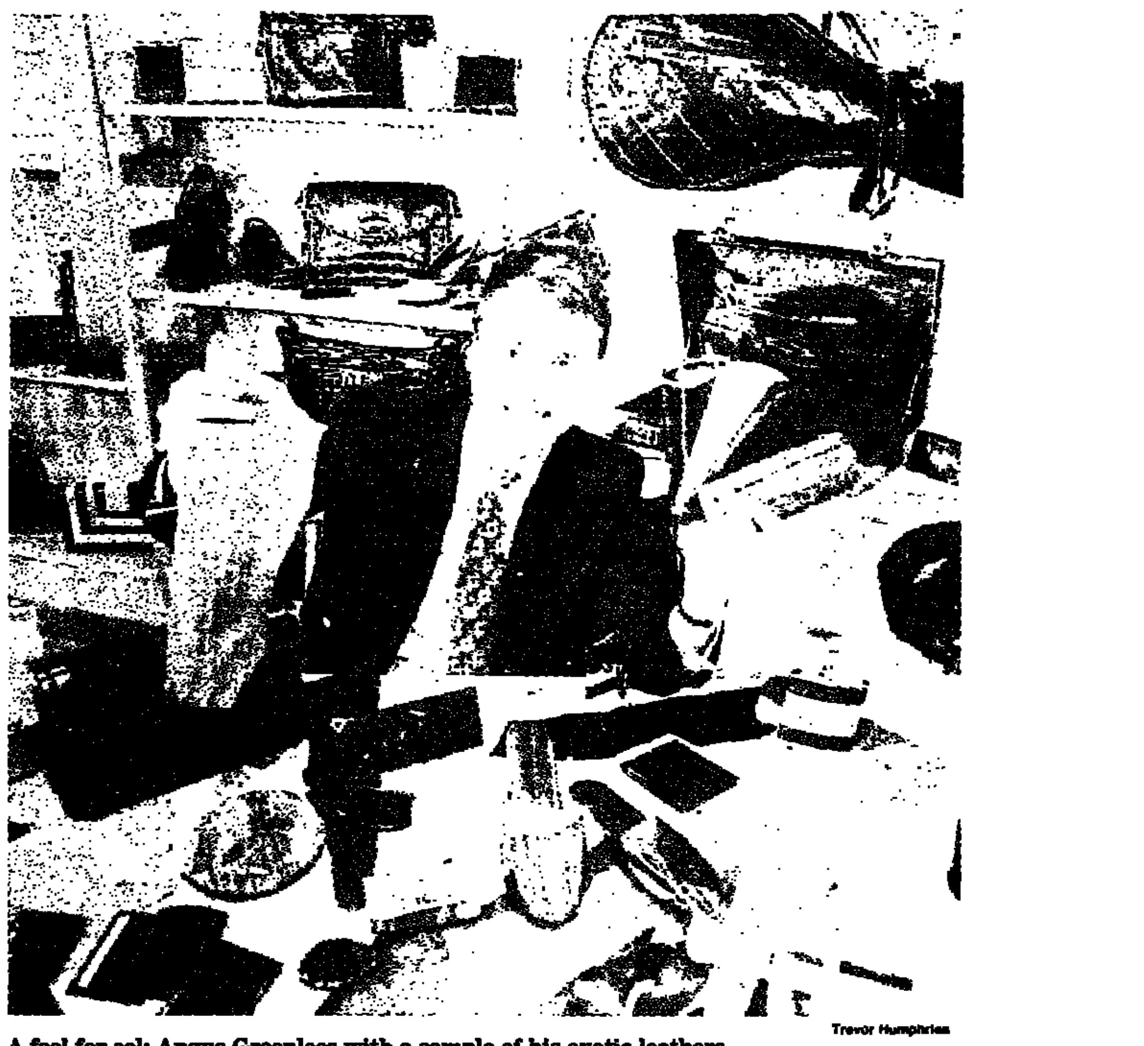
Stocks, which are held in a warehouse, can total £40,000. "Stocks are what cripples me," says Greenlees. To help defer the cost, Greenlees uses the credit facilities of his Korean manufacturers which charge interest of 9 per cent. Retail gross margins are 75 per cent on eelskin products, slightly less for salmon "leather".

Establishing a comprehensive sales operation has proved a problem. Greenlees operates a mail order scheme with a client base of about 1,200 and uses agents paid on commission only. He also sells wholesale directly to shops and stores but this has proved an uphill battle. Setting up a dedicated retail outlet in London this year will be a significant step in hooking more customers, Greenlees argues.

"The biggest growth area will be sales to the retail trade and our own shop will help with that." There are also plans to make special items for corporate purchases, such as pouches for a gift clock and mobile phone cases.

The past year's growth has been "disappointing", says Greenlees. "It is just a question of keeping my head down and consolidating and growing the business. I may be disappointed but I am still here."

■ *Greenlees Leathers, 43 Marney Rd, London SW11 5EW. Tel 071-924-4959.*



Trevor Humphries

A feel for eel: Angus Greenlees with a sample of his exotic leathers

Computing/David Carter

You cannot beat the system

I WENT to a talk given by an eminent authority on small businesses. He was planning a study on the administrative burden that VAT inflicted on small businesses. The other members in the audience agreed – accounting for VAT was a big problem. There are even consultants who specialise in teaching businessmen how to handle VAT.

But if small businessmen are having trouble with their VAT return it is not because VAT is difficult. It is because they are disorganised; they are not working to any *system*. Because they have no system they know the VAT return is going to be a difficult job, so they put it off until the last minute. Late at night on the last day before the deadline, they work out the inputs and outputs on the back of an envelope and fill in the return. Three months later when the next return has to be filled in they look at this envelope and cannot remember how they arrived at the figures. So it is yet more work to unravel what they did last quarter before they can get started on the new one.

All this is unnecessary. With even the most elementary manual system the VAT figures virtually jump out of the daybooks straight into the VAT return.

To take a different example on a larger scale: one of your company's main suppliers rings up and says you are behind on paying your bills and you owe £10,512.56. Now. Otherwise he stops deliveries.

In a disorganised company, this may be the first inkling anyone has that there is a serious problem. Managers must drop everything to handle this emergency. First, you have to find out if you do really owe £10,512.56. Which invoices make up the *total*; are they all overdue? If not, perhaps we can offer to pay some now, the balance later? So having worked out which invoices are involved, you have to work out whether you have the cash in the bank to cover a hefty cheque. And remember to leave enough to cover next week's wages. If there is not enough cash you will have to chase some customers to pay their bills. Whose invoices are overdue? Find out, and then get on the phone to them.

In a company which is organised, *you know there is a problem before the supplier rings*. A system is in operation which automatically gives you the details of which invoices you owe, how much money you have in the bank, and so on. Therefore, before it blows up into a crisis, you can sit down, look at the figures and work out what to do. You can ring your supplier, tell him that things are a bit tight because several big bills are coming due at the same time but you propose to do A, B and C – is this OK? Usually it is.

You have taken the initiative by ringing him first. It shows you are on top of the situation and he feels he can trust you.

Note also the enormous savings in management time. You could have wasted a couple of hours in panic on that call. But being forewarned by a good system, you could see the problem arising and sort it out before it blew up into a crisis. With a good system, you might not have had to do anything at all. Your bookkeeper saw the problem coming up, planned what to do, got your agreement and then went ahead and did it.

The distinction is between effort and effectiveness. The organised business is quiet and relaxed. In a disorganised business the managers waste hours chasing their own tails.

So what exactly is a system? The designer of a system takes a complex task and breaks it down into its parts and then puts the parts back together in as logical and simple a procedure as possible, effectively reducing it to a standard set of steps, a routine. Someone trained to follow these logical steps can handle a complex task quite easily.

Designing systems is not a natural skill. In industry there are Organisation and Methods specialists and systems analysts who specialise in this work. But because keeping financial records is basically the same for any company, you will find that systems to help you keep accurate financial records are available off the shelf.

There is one key question about any system – who is going to run it? Unless the company is very small, record-keeping needs to be the task of someone other than the management. Managers are constantly being interrupted by customers, employees, problems. Managers are concerned not with important matters, but with urgent ones. Financial records are not urgent, so if the manager has to keep them they will always be out of date.

The person who keeps the books *should not be in the firing line*. Record-keeping is the task of second-line management, not first-line. This is why big companies are so much better at running computers than small ones. Big companies have intelligent second-line staff who can handle problems without help from the bosses. Small companies often have no competent second-line staff at all.

To be effective, systems have to be run systematically. The operator must be intelligent, methodical, disciplined. Such people cost money. You have to decide the priorities for your company here. Do you forego that big company car and the pension scheme in order to spend the money on good quality admin staff? It is an old adage that first-rate managers employ first-rate people; second-rate managers employ third-rate people. What sort of manager are you?

■ *David Carter is a consultant in information systems for small companies. Tel: 0727-55996.*

A change of management

Q&A
BRIEFCASE

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

I HAVE used a self-select PEP plan manager since December 1988. But my choice is sadly under-performing and I would like to make changes. It is obvious that my ability to make good selections is inadequate and therefore I suppose I should seek a managed investment.

My preferred route would be an investment trust and I would like to know to what extent this is permitted.

1) Is it permitted to sell any shares in existing general equity PEPs and buy investment trust shares – if so, is the amount restricted by year of investment and/or by proportion?

2a) Would it be possible to make a full disposal and via the PEP apply for a new issue of a particular class of investment trust share (income)?

2b) Could I over-apply for package units via the PEP and extract the capital shares, leaving income shares tax sheltered?

3) How will the rules apply to the new single company PEPs viz: established investment trusts and new issue investment trusts?

4) How do the rules on purchase of established trusts apply re dividends accruing within the PEP?

■ The Inland Revenue has been good enough to provide us with the information to help answer your points.

1) It is possible, in principle, to sell UK ordinary shares and replace them with qualifying investment trust shares, "provided that immediately after the switch the total market value of the investment trust content of the portfolio does not exceed 50 per cent of the market value of the whole portfolio (including uninvested cash)". A "qualifying" investment trust needs, broadly speaking, to be at least 50 per cent invested in UK and other EC companies.

2a) It is impossible to make a full disposal and then, via the PEP, apply for a new issue of income shares. "The problem is not the class of investment trust share applied for, but that the maximum 50 per cent investment trust content may not be exceeded."

2b) If you apply outside the PEP, in a public offer, then it is up to you to decide which shares to transfer under the 42 day rule, but the amount transferred must not exceed £6,000, less any earlier transfers or cash subscriptions.

3) Investment trusts have no role at all in single company PEPs, unless you happen to be employed by an investment trust which has a Save As You Earn scheme.

This is the only way in which investment trust shares can be transferred into a PEP, and there is no way in which they can be purchased into a PEP.

4) Dividends received in respect of investment trust shares held in a plan enjoy full PEP exemption, according to the Revenue. Thus, both the net dividend and the tax credit reclaimed from the Revenue can be reinvested in further investment trust shares.

There is one exception to this – if you have a "mixed" plan holding both ordinary equities and investment trusts, the 50 per cent rule must not be broken. If the equities are not performing well, this might be a limit on performance.

The Revenue added that PEPs are deliberately not dealt with locally. Enquiries should be made to: Claims Branch, Savings & Investments (PEP), Room 212, St John's House, Merton Rd, Bootle, Merseyside L69 9BB, Tel: 051-922-6363 (ext 5432-5433).

Modern banking

I HAVE been persuaded by Midland bank to change my old-fashioned current account to a Meridian account which both credits me and charges me with interest on a monthly basis, depending on whether I am in credit or overdrawn.

Interest payable is of course not an allowable charged for taxation purposes, but what of interest credited? Can I net these interest items for tax purposes or should I just ignore both credits and debits.

■ The interest debited is, as you say, ignored in calculating your tax bill. The interest credited will be net after deduction of basic-rate tax, so you will only have more tax to pay on it if you are a higher-rate tax-payer.

The tax withheld would be repayable to you if your personal allowance etc. had not been absorbed elsewhere, of course.

FOOD AND DRINK/PERSPECTIVES

The pizzaiulo's secret art

TODAY we begin a series evoking the pleasures of Street Food. Food that is often at its freshest, cooked in the simplest manner and ready to attack your digestive system at its most receptive – when your appetite has been heightened by the smells of cooking. Street Food is inexpensive and without pretension. It is quick, satisfying and breaks down any language barrier – if in doubt, you just point. It is theatre, as crêpes are folded, kebabs grilled or noodles ladled. Above all it is evocative of both time and place. We begin in southern Italy, on the streets of Naples, to taste pizza as it is meant to be eaten.

THE TRAGEDY of eating pizza in Naples – generally regarded as the home of true pizza – is that once you have savoured its excellence, you will never be satisfied with anything less. And, until you return to Naples, less is all you will get.

In this atmospheric, harsh Italian city, pizza is a part of daily life. It is sold everywhere: in grand elaborate restaurants, popular pizzerias and in just about every bar and cafe, where simple *pizzetti* are eaten as snacks throughout the day. They come in many varieties and sizes, are inexpensive and are always delicious.

The Brandi (Salita S. Anita Di Palazzo, 1-2), at the foot of the notoriously dark Spanish Quarters, is Italy's oldest surviving pizzeria. It was here that the margherita or Neapolitan pizza was created in 1889 for a party given by the Queen of Savoy.

The *pizzaiulo* – pizza chef – accustomed to topping his pizza with a simple tomato sauce and *o'cacillo*, a medium hard cheese simular to *caciotta*, wanted to prepare something special for the monarch, and decided to cover his pizza with the colours of the national flag. To represent red, he used a traditional tomato sauce. To this he added *fior di latte*, the white, mozzarella-type cheese that is used in pizza today, and over them he scattered a few leaves of fresh, green basil.

His work was a simple but ingenious combination of tastes, and the result a tremendous success. Following the praises of her celebrated guests, the Queen came to thank the *pizzaiulo*. On asking him what his pizza was called, the emotional creator repied that he would like to name it after her – *Margherita*.

True to the original tradition of pizza as a simple, economical food for the masses is Da Michele, situated in the busy Forcella Quarters of the old city. (Via Colletta. Open 9.30am – to 11pm Friday to Saturday.) In this small, traditional pizzeria the only pizzas on the menu are the margherita, and marinara – covered in tomato sauce, garlic and oregano. A regular 12-inch pizza costs L3,000 (£1.70), but if you want to pay L4,000 or more, the *pizzaiulo* will add cheese and sauce.

The philosophy of Da Michele, and the probable reason that queues form on the street every day, is written on a placard hanging beside the igloo-shaped oven: *"Ever since the days of affluence, all people can think of is finance, and even the lowly pauper wants to buy a fancy pizza. But don't ask us for complicated pizzas. They're a hassle to make, they empty your purse and leave you with a stomach ache!"*

Da Michele is run by four brothers, the grandchildren of the pizzeria's founder, Michele Condurro, whose solemn portrait watches over the simple, green-washed restaurant alongside that of Saint Antonio, the patron saint of bakers. Antonio, the youngest brother, explains how they have continued to sell up to 900 pizzas a day since setting up on the site in 1930:

"It is not difficult to make pizza – anybody can do it – but, to make it well is an art. First, you have to know exactly how much flour, water, yeast and salt to add, and how to mix it. We always make our pasta (dough) the day before, adding only a small amount of yeast and allowing it to rise over 15 hours. This way our crust stays soft and light. From there on it is the skill of the *pizzaiulo* that makes a pizza good or not. To be a good *pizzaiulo* takes years of practice, and even then some people just cannot get it right".

The *pizzaiulo* at Di Michele is Antonio's uncle, Genario. To make a pizza, he takes a small quantity of dough, gently flattens it on a marble counter, covers it with toppings (including a generous lashing of olive oil) and places it on a *pala* – a long wooden spatula, which the *fornaio* (baker) places in a wood-burning oven. The pizza is cooked in the intense heat for less than two minutes. Just before it is removed, wood shavings are tossed into the fire, causing a surge of flame that lightly burns the crust and cheese.

The process does not look difficult – they never "play Frisbee" with the dough as flashy *pizzaiulos* do in Britain, and, in fact, they laugh at the suggestion – but the end product takes talent. The pizzas are served on simple marble tables, with bottles of cola or beer. At lunchtime, an old accordion player adds his Neapolitan gaiety to the shouts of the waiters, chefs and customers.

For a more leisurely pizza, the nearby Trianon Pizzeria (Via Pietro Colletta 42-44-46, closed Wednesdays), is considered by many to be the best in town. Contrary to Michele, Trianon offers an extensive selection of pizzas, from margherita to marinaresca (shellfish, calamari, shrimp, tomato sauce, garlic and parsley), and *salsiccia e frilarielli* – spicy sausage and muster greens. The pizzas are more expensive here, but they are big – it is virtually impossible to eat a whole one yourself. The huge, high-cellinged dining area is airy and relaxed – a welcome break from the chaotic streets.

In the same quarters, Bellini (Via Santa Maria di Costantinopoli 80) is highly regarded by Neapolitans for both its pizza and traditional Neapolitan cuisine, particularly its superb *linguini in catoccio* – mixed seafood baked with *linguini* in parchment.

Nearby, in the main artery of the shopping area, Via Toledo – known popularly as Via Roma – simple *pizzetti* to eat at the bar or on the street is sold in the crowded Rosticcerie. Of note is L.U.I.S.E, near the magnificent galleria and San Carlo opera house. Away from the crowds, on the sea front in Mergellina, is Ciro (closed Wednesdays) which charges £8 for pizza and roughly £38 for a full evening meal per person, with wine.

If you can take more, La Pizza a metro (*Piazza San Luigi*) sells Pizza by the *metre*. Loud groups of Neapolitans crowd around into this popular place, stuffing pizza into their mouths, calling out to one another across tables and laughing madly as a seemingly never-ending, two-metre pizza is pulled from the huge oven and served.

In Rome, do as the Romans do. In Naples, eat pizza.

Erin Cotter

In Naples, home of pizza, it's what you leave out that counts

Appetisers

THOSE looking for a bottle of champagne for their Valentine may be more flummoxed than usual this year in a climate thick with aspersions cast at the quality and maturity of what we were brought up to think was the only socially acceptable mix of wine and carbon dioxide.

The specialist Champagne House of London W2 (071-221-5538) now guarantees that all of its non-vintage champagne (apart from its "party champagne") has been matured for at least three years in the producer's cellar before being disgorged – a distinct improvement on the imprudently short one-year legal minimum. Prices start at a relatively modest £13.90 a bottle, but since the Champagne House cannot accept orders for fewer than a dozen bottles, even for Valentine's Day, its new scheme will suit only the extremely or indiscriminately amorous.

■ Wilton's in Jermyn Street, London SW1, has always managed to retain a simple, if expensive, elegance, wonderfully maternal waitresses and a clientele that includes bankers, businessmen and politicians.

This year the restaurant celebrates its 250th birthday. It began as a shellfishmongery in Cockspur Street, off the Haymarket, close to a weekly cattle market and a twice-weekly hay and straw market. Wilton's Anniversary Book (£9.50 from the restaurant, the Savoy and Berkeley Hotels) recounts its history including its sale for £1,200 in 1942 when a bomb landed nearby.

As part of the celebrations throughout 1992 Wilton's, with the advice of English food expert Arabella Boxer, will be offering a four-course dinner menu at £25 per head. 071-629-9955.

■ One factor which seems to distinguish the English from the rest of Europe is that we are much less keen to travel any distance for a good meal.

It is a problem that has been exercising Ruth and David Watson since they sold Hintlesham Hall and took over The Fox and Goose at Fressingfield, near Diss, Norfolk, (037986-247) in the centre of Suffolk. The food and wine now available in this country inn is acclaimed – it was voted County restaurant of the Year in the 1992 *Good Food Guide*. Commercially, however, the write-ups have not compensated for the lack of bedrooms and the consequent dependance on local trade. Now the Watsons have agreed terms with owners of various bed and breakfasts in the area and can offer package deals that include dinner and a night's accommodation nearby from £40 per person.

Nicholas Lander

Cookery / **Philippa Davenport**

Savouries for sweethearts

SWEET talk is all very well but even a romantic can have too much of sickly, sentimental things.

The lead-up to St Valentine's Day, with its surfeit of foodie shop-window displays, restaurant promotions and magazine cookery features, tends to leave the punter more sick than lovesick.

By the time February 14 arrives, many of us find it hard to stomach the thought – let alone the taste – of yet another passion fruit pud, heart-shaped chocolate confection or anything else drenched in a confetti of icing sugar.

If you believe that the way to a (wo)man's heart is through the stomach, you might find that Cupid's arrow flies faster if more macho flavours than sugar and honey are used. Waving my matchmaker's wand, I suggest you try the vivid tastes of spices, anchovies, kidneys and that unfailing aphrodisiac, oyster.

Use these ingredients for old-fashioned savouries to round off dinner *a deux*. Serve them as light supper snacks for picnics by the fire. Or save them for midnight feasting.

I await wedding invitations from satisfied readers.

DEVILLED KIDNEYS

This is enough for a small snack.

Skin, halve and core 4 lamb kidneys. Dice ½ oz butter into a small, fire-proof dish and slip the dish under a hot grill. When the butter is sizzling, add the kidneys and coat them all over with the fat. Grill the kidneys cut side up for 1-1½ minutes, then cut side down for 1-1½ minutes.

Meanwhile, mash 1 oz softened butter with two teaspoons English mustard powder, 1½ teaspoons Worcester sauce, and a shake each of cayenne pepper, anchovy essence and mushroom ketchup to make a sloppy paste.

Turn the kidneys cut side up again. Dot the devilled butter over them and add any of the devilled juices the butter has failed to absorb. Grill for a further 1-1½ minutes until bubbling, then serve on thick, hot rounds of fluted toast.

SCOTCH WOODCOCK

Romantics will abandon the kitchen stove in favour of toasting the bread on a fork and stirring the sauce in the fringes of a log fire.

Crush the anchovy fillets from a 50g can into a little of their oil. Toast 2 large, half-inch thick slices of bread. Cut into crust-less triangles, spread with the pounded anchovies and keep hot.

Melt ½ oz butter in a small pan. Add 2 egg yolks beaten with 3 tablespoons thick cream, some black pepper and a little salt. Stir over a very low flame until the mixture begins to thicken. Do not boil or the eggs will scramble. Pour the thick, creamy sauce over the toast, dust with a shake each of paprika and cayenne, and tuck in.

SPICED CHICKEN WINGS

Here is bone-picking, finger-licking food for *Tom Jones* fantasists.

Mix together 2 heaped tablespoons each black peppercorns, cumin and coriander seeds. Reduce to a coarse (not fine) powder. Work in 1½-2 teaspoons chilli powder (or more for sting), some garlic cloves crushed with salt, and 2 tablespoons or so of sesame oil to make a creamy paste.

Prick 4-6 meaty chicken wings all over with a fork. Coat them carefully with the paste, then cover and leave them in a cool place for several hours to absorb the flavours.

Cook on a grid close to the flame of a hot grill until the chicken skin begins to crisp. Then, grill more gently and further away from the flame for about 15 minutes until well cooked, turning the pieces at least once during this time. Whizz the heat right up at the end to burnish and frazzle the skin deliciously.

OYSTER GRATIN

Six or nine oysters per person may be enough for an appetiser, but one dozen are better for a fireside supper dish. This way of cooking the molluscs makes a lovely alternative to serving them raw.

Make a creamy and delicate sauce with ½ oz butter, 2 tablespoons flour, ¾ pt milk, ¼ pt thick cream, a bay leaf and a slice each of onion and carrot. (I tie the flavourings in butter muslin and cook them in the sauce – it saves scalding the milk and infusing it with the flavourings first.)

Simmer the sauce gently without a lid, stirring occasionally, for 10 minutes or so until rich. Remove the bag of flavourings and stir in ¾-1 oz each freshly-grated Parmesan and Gruyere. Add the liquor drained from two dozen oysters and season with salt, pepper and nutmeg.

Lay the oysters in their deep-curved shells in a shallow, heat-proof dish containing a bed of sea salt to hold the molluscs steady. Spoon a little of the hot sauce over each oyster (the sauce can be prepared ahead and re-heated just before using) and slide the dish under the grill for 3-5 minutes until the oysters are firm, plump and hot and the sauce is glazed lightly. A loaf of bread, a flask of wine and thou are the only accompaniments needed.

BONE MARROW ON TOAST

Leg and shin of beef stews are back in fashion now. So, savouries made with the fatty, rich marrow that lies in the bones surely will be next.

In *The Cook's Encyclopaedia*, Tom Stobart suggested an admirable short-cut to traditional methods. He recommends extracting the marrow from the bones before poaching, which cuts cooking time dramatically.

Use a Victorian silver marrow scoop or wield a skewer carefully to take the marrow out of bones cut into short lengths. Poach it for just a minute or so in salted water or stock. Drain thoroughly and lay it on fluted rounds of hot toast. Season with plenty of lemon juice, salt, pepper and chopped parsley.

Stobart used also to rub his toast with a cut garlic clove for extra flavour. Others finish the dish with a shake of cayenne or Tabasco. I like a pinch of very finely-grated lemon zest.

Despatches/**Buenos Aires**

Argentina names its Nazis

***John Barham** reports on the secret files that shed light on a murky world of intrigue*

WHEN Argentina's National Archives opens its doors at 10am on Monday morning, the bundles of yellowing, tattered memos, telegrams, letters, forms, fingerprint cards and newspaper cuttings that constitute the formerly top secret files on the Nazi connection will at last become public knowledge.

The files that President Carlos Menem ceremoniously ordered declassified this week are unlikely to reveal any sensational new clues on Nazis in South America. But the documents depict vividly the extraordinary sense of security some of the world's most wanted criminals felt in Argentina, not just under the junta that first let them in, but under subsequent civilian and military governments as well.

Shimon Samuels, of the Simon Wiesenthal Centre, the organisation established to trace former Nazis, who sifted through the records for four hours on Wednesday, says: "They confirmed what we already knew. It's the tip of the iceberg, the beginning of a process. But what is really striking was the total indifference of [Argentine] governments to the Nazis."

Although Samuels says there are gaps in the files – where they were probably purged of embarrassing or incriminating material – we can still read that Josef Mengele, the notorious Angel of Death, lived undisturbed in Buenos Aires for ten years following his arrival in Argentina in 1949.

In one remarkable Federal Police document dated November 9 1956, the West German consulate confirms Mengele's identity, providing a copy of his birth certificate. Mengele used the certificate to shed the alias of Gregor Helmut and assume his true identity, complete with authentic Argentine documents. Nobody in Bonn or Buenos Aires, it seems, ever thought of arresting him.

The Nazis' quiet, peaceful life in Buenos Aires ended suddenly in 1960, when a Mossad team captured Adolf Eichmann and took him to Israel for trial and execution. Some Nazis, like Mengele, fled. He went to Paraguay and later to Brazil, where he is believed to have died in 1979.

Another police letter shows why many were right to stay put. The letter, rejecting a German request to extradite Mengele shortly after Eichmann's arrest, states that: "The Argentine government informs that it has denied the request because of failures of formality and procedure, since extra-officially it had been explained that the crimes alleged against the accused are of political character, and thus it would not be correct to accept the request."

It is easy to see how lesser criminals such as Abraham Kipp, a Dutch Nazi, were able not only to evade arrest but to acquire Argentine citizenship and live out the rest of their days in quiet obscurity. The Israelis, who had other concerns, decided to abort the hunt for Mengele and other war criminals, and the Germans and Argentines never showed much energy in arresting Nazis.

Only two Nazi suspects out of at least 16 were ever arrested

Only two Nazi suspects out of at least 16 known to have lived in Argentina were ever arrested. During the 1980s, when Raúl Alfonsín was president, the police arrested Walter Kutschman, who died while in custody, and Josef Schwamberger, who is awaiting trial in Germany. Both were charged with mass murders.

Simon Wiesenthal, the Nazi hunter, has claimed that the military junta that ruled Argentina in 1945 handed out thousands of passports to fleeing Nazis through its consulates in Lisbon, Madrid and Rome. The role of the Spanish and Italian authorities in assisting the Nazis is now well-established. Over the years it emerged that even Red Cross officials and Catholic churchmen helped Nazis to escape.

Juan Perón came to power in Argentina in 1947 and remained president until he was toppled in 1955. He was also a key figure in the previous junta and his fascination for the Nazis, and especially the Fascist movement, is well-known. But Tomás Eloy Martinez, an Argentine historian, says Perón's post-war relationship with Nazis was more opportunistic.

He believes Perón was motivated by an admiration for the "superiority" of German technology despite the Nazi defeat. He felt Nazi brain power would help industrialise Argentina and modernise the armed forces. Nonetheless, Martinez comments wryly: "Buenos Aires was short on [Nazi] brains and long on criminals."

Samuels adds that "there is speculation of Nazi payoffs." Files from the Central Bank could throw light on the widely-held belief in Argentina that the Nazis brought tons of bullion with them.

Anti-semitism has deep roots in Argentina and Nazi and Fascist tracts are still widely available at the late-night bookshops in central Buenos Aires. Following Eichmann's arrest, police memoranda show that officers were busier tracking possible Israeli agents than in hunting for other Nazis. Indeed, police warnings are believed to have allowed suspects to evade arrest.

Rabbi Morton Rosenthal, of the New York-based Anti-Defamation League, added that there is a link between the Nazi presence in Argentina and the thuggery with which the armed forces there suppressed political opposition.

The forces resorted to abductions, torture and mass murders during the "Dirty War" of the 1970s, in which between 6,000 and 30,000 people died or "disappeared." Rabbi Rosenthal says: "There are reports of torturers singing Nazi songs and Nazi flags hanging in police stations." Jews, some of whom were children of concentration camp survivors, were often subjected to especially severe treatment.

It is an irony that has not escaped human rights activists that Menem not only pardoned a year ago the generals who sanctioned the killing, but turned down requests that secret police and armed forces files also be opened. Menem has also been attacked from within his own Perónist party for allowing the memory of Juan Peron to be sullied by opening the files.

The declassification of the Argentine files coincides with the opening of historical and security police archives in east Germany and the countries of the former Soviet Union and the information cross-referenced.

The pressure is now on other Latin American countries to come clean. A key target is Paraguay, where former dictator Alfredo Stroessner offered citizenship to wanted Nazis including Mengele. Rabbi Rosenthal says that despite the new democratic government's promise "to throw out all the trash", it has not kept its word to arrest two Ukrainian criminals still living in Paraguay.

It may be true that there are few war criminals left alive, making Menem's decision little more than a politically astute gesture. However, Jewish leaders are genuinely impressed by the efforts of Menem – who is of Syrian descent – to respond to the anxieties of Argentina's 300,000 to 400,000 Jews. He has spoken in synagogues, visited Israel, banned a local Nazi grouping and scrapped a missile being developed with Egypt and Iraq. If nothing else, they say, opening files will help Argentines and people everywhere to remember the Holocaust.

Be a card . . . and make someone your Valentine

Lucia van der Post suggests some ways of bringing an extra touch of romance to that very special person in your life

For real sentimentality, the Victorians leave the rest of us standing. When it comes to a good old treacly wallow, *Forget-Me-Nots, A Victorian Book of Love* by Cynthia Hart, John Grossman and Tracy Gill (£8.99) is hard to beat although it carries the slight risk that it might put the loved-one off the whole thing for life. *Forget-Me-Nots* (in the immortal words of the frontispiece) "celebrates these sweet sentiments and evokes them anew for dear friends, lovers and beloveds." There are lots of authentically soppy Victorian drawings, cards and photographs to match the words.

Better, perhaps, than any consumer durable is a day to remember. A 90-year-old friend of ours, for instance, had the birthday of a lifetime when his son booked him a trip in a hot-air balloon. Red Letter will organise a range of special experiences — from a day's rally driving at Silverstone (£199) or a weekend learning to hang-glide (£95) to a flight in a Tiger Moth (£125, pictured here) or a pistol-shooting session (£39). For those whose tastes run to more passive treats, it would fix-up a day at a health spa (from £45) or a trip on the Orient Express (from £129); the list is endless. If you are interested, write to Red Letter Days, Freepost, London N3 1BR (or, to order in time for Valentine's Day, ring 081-343-0822). Red Letter sends a charming letter explaining the gift and giving all the options on day, time and location. The lucky recipient has about four months to decide and can also change it for any of the other 150 ideas (with a price adjustment if necessary, of course).

THERE are those for whom the very notion of sending even a card, let alone a present, for St Valentine's Day is quitec incomprehensible. Surely, they mutter, nobody could be quite so daft. Then there are others — and all the evidence seems to suggest there are plenty of them — for whom the day never passes without some wonderfully daffy notion winging its way across town, country or ocean.

An 18-carat, gold-plated, heart-shaped brooch with blue stone, by Cabouchon, £19.99. Order by telephone: 061-877-3050. Lots more inexpensive chunky costume jewellery is available by mail order. Ask for the catalogue if you are interested.

Hardened cynics, or those who feel they have said it all, done it all or just cannot be bothered, need not read on. Those who feel that perhaps a present or a charming gesture might bring a little fun or a little pleasure into somebody's life can choose between something as conventional as flowers, chocolates or champagne — or as off-beat as a flight in an ancient Tiger Moth. Here are just some of the options on offer.

■ Poverty is no excuse — sweet, old-fashioned postcards can be found in antique shops such as Alfies Antique Market (13-25 Church Street, London NW8 8DT, tel. 071-723-6066) for as little as £3, while for £10 you could buy a blue, heart-shaped ashtray.

■ If you are disorganised and busy (and who isn't?), just ring Paradigm Management (081-785-9822) with your Visa or Access number and they can send a full (£30) or half (£21.50) bottle of Laurent Perrier champagne, plus a large heart-shaped helium-filled balloon, to any part of greater London.

■ The Museum Store (37 The Market, The Piazza, Covent Garden, London WC2E 8RF) has lots of charming, inexpensive ideas: a mini-volume of *Love Quotes* (£3.25) from the New York Public Library ("I like not only to be loved, but to be told I am loved." — George Eliot); reproduction ear-rings (one black, one white faux pearl, £19.99) from the Goddess of Love in Rubens's 17th-century painting *Venus before the Mirror*; or the matrimony jug (£16.95) from the Longue Vue Collection, New Orleans.

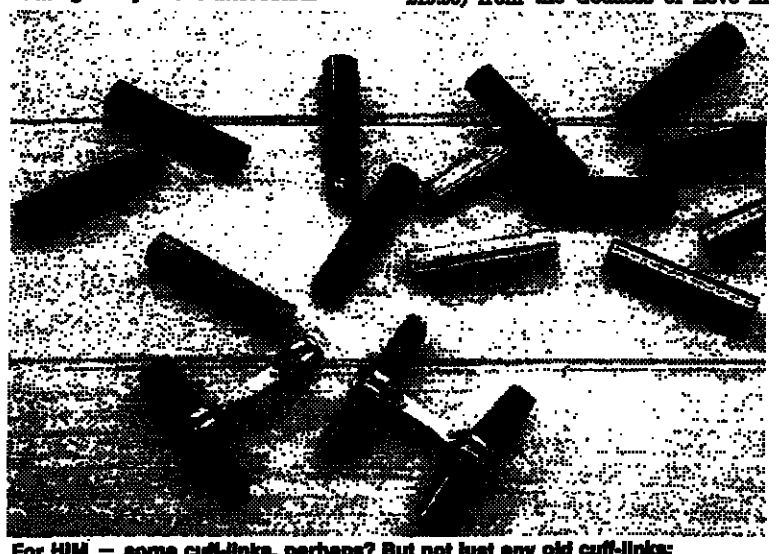
■ The South Bank Centre Craft Shop and Gallery at the Royal Festival Hall, London SE1, is the place for crafts and one-off pieces. There, four post-graduate designers from the Royal College of Art have the sort of avant-garde pieces that catch the eye of people like Prince, Jazzie B, Paula Abdul and Enya, not to mention up-to-the-minute media folk. This is where you go to show you really are in touch with what's happening NOW. Everything from waistcoats to spectacles, from ear-rings to bodies and ties can be found at prices ranging from £20-250.

■ Baskets of miniature roses, hyacinths, primulas or narcissus will be sent on The Day for £7.50 by The Flowersmith, 34 Shelton Street, Covent Garden, London WC2 (tel. 071-240-6688). Or a posy of fresh roses, lilies, anemones, tulips and dill with silver/green foliage from £15.

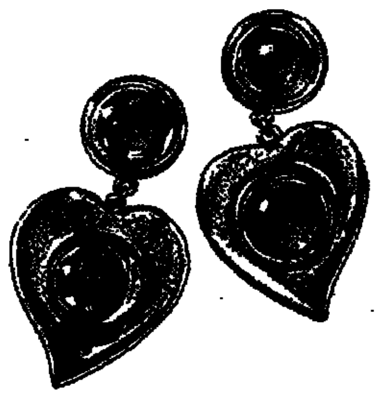
■ The ultimate present for the rugger fan: £2,000 buys a 10-year debenture for the new stand at Twickenham. Write to the Rugby Football Union, Twickenham, London TW1 1DZ (tel. 081-892-8161).

■ Finally, if you are one of the not-so-little band without a nearest and dearest — do not despair. Buy *yourself* a present (it's a leap year, remember) and invest in membership of Drawing Down The Moon, the yuppie introduction agency. Membership sounds expensive (£646.25, although you get a 10 per cent discount if you join on your first visit), but for that you get a personal, in-depth interview (so, of course, have all the people to whom you are about to be introduced), and a year's active membership (which means plenty of introductions).

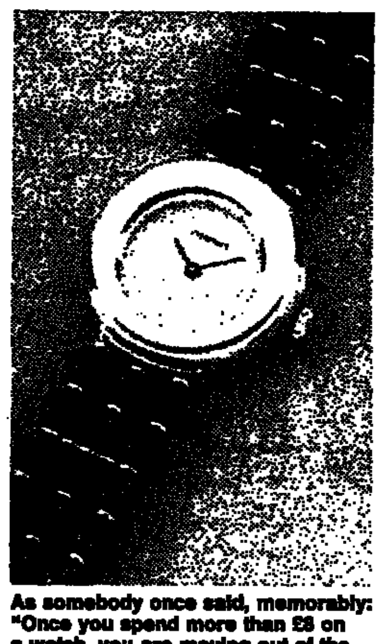
Drawing Down The Moon will NOT take on people for whom it feels it will be unable to find suitable partners (for women, I am afraid, that means you should be under 43, and under 55 for men) and it takes on only what it describes as graduates, professional and business people or people in the creative world. (7-11 Kensington High Street, London, tel. 071-937-8880).



For *HIM* — some cuff-links, perhaps? But not just any old cuff-links: a little quelque chose from a jeweller as grand as Boucheron ought to go down a treat and could solve your present problems for years to come. First you give him the gold base (£425) and then (one by one) you give him the stones to put in them — leopardwood, tiger's eye, onyx and rock crystal are all £150 while coral is £350 and lapis lazuli £525. Also available by mail order.



Yves St-Laurent's costume jewellery has gone a bundle on hearts this year. Whether it be necklaces, brooches, chains or earrings, hearts are everywhere. These earrings are gold-plated on pewter, with ruby-coloured and fuchsia stones, and come with a two-year guarantee (something that few costume jewellers offer). £80 from most good department stores including Harvey Nichols, Harrods, House of Fraser and Larizzi at Boston Spa.



As somebody once said, memorably: "Once you spend more than £8 on a watch, you are moving out of the realm of the strictly functional and into the realm of fantasy." If fantasy, then you might as well do it properly. Chaumet's Anneau watch has a classically-plain and charming white face and solid gold frame and comes with a choice of bracelets made from semi-precious stones. The one photographed here is made from turquoise beads but you can choose between amethyst, haematite, lapis lazuli and pearls as well. £1,900 in semi-precious stones, £3,600 with pearl or gold beads. Chaumet is at 178 New Bond Street, London W1Y 9PD (tel. 071-493-5403).

The Welly-Wader . . . convertible in seconds

Wellies to keep you covered

WELLY-Waders are designed to meet all welly needs in one fell swoop. The idea came to Nicholas Stafford-Deitsch one day when he went walking in the country in his usual country attire of wellies and anorak.

It started to rain and he arrived home with the trousers above the welly and below the anorak cold, wet and uncomfortable. When he had dried out, he set about inventing the Welly-Wader.

Its chief charm is that converts from being a standard-size welly into a thigh-high wader more or less in seconds. Anybody who spends days out and about in the country will see at once how useful this is.

For those who walk or shoot, it means the area between the top of the boot and the bottom of the jacket can be protected if it starts to rain; for those who fish, the thigh-high extension protects them when they get into deeper water.

The boot is made much like most good-quality wellies to which a PVC/polyester-lined fabric is welded. When the leggings are not at full stretch, they sit neatly round the top of the boot enclosed and protected by a poppered cuff. Its colour is — what else? — green.

Stafford-Deitsch has patented the idea and the Welly-Waders are made specially for him in Denmark. They come with two different sorts of soles: cleated for everyday use, and with tungsten studs for those who might be wading in rivers with slippery stones.

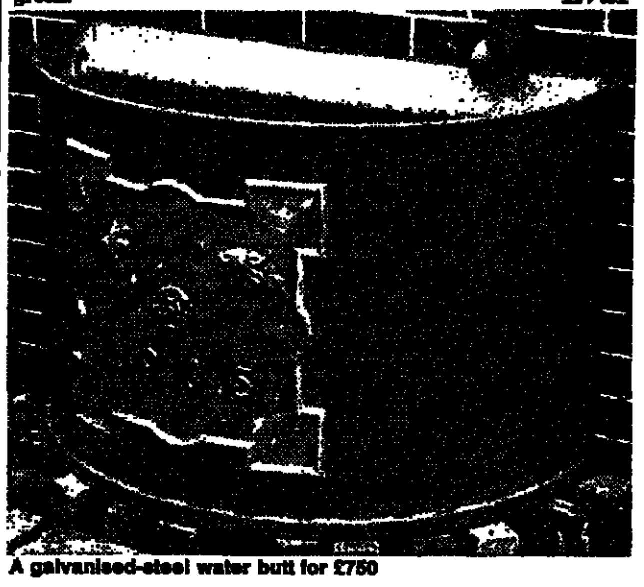
Sizes are 6-12 and they cost £54.95 for the cleated version and £64.95 with the tungsten studs, both prices inclusive of postage and packing. Buy them directly from the Edington Development Co., Dairy House Farm, Edington, Westbury, Wiltshire BA13 4NP (tel. and fax 0380-870-076).

■ Traditional heavy-duty, galvanised-steel water butts, made in England and embellished with a cast-lead plaque are sold by Simon Griffiths of 16 Main Street, Kirby Muxloe, Leicester LE9 9AL (tel. 0533-393-594).

All are exact copies of 17th and 18th century models (except for the fact that, originally, they were made of solid lead) and they can be ordered with or without tap or lid. The numbers and letters on the plaque itself can be altered to accommodate the year and the owner.

Allow eight weeks for orders. Price from about £750 (carriage extra).

LvdP



A galvanised-steel water butt for £750

And for the rest. . .

For all who find the very idea of sending little bibelots or *billets-doux* to their loved ones too soppy to contemplate, here are some of the alternative suggestions for marking St Valentine's day that my male colleagues have come up with.

MIKE TYSON: .... A copy of Emily Post on etiquette.
NEIL KINNOCK: .... A video of From Russia with Love.
KEVIN MAXWELL: .... A ouija board
SIR BOB REID (BR): .... A second-class season ticket on Network South-East
JOHN MAJOR: .... A year's supply of Grecian 2000
BORIS YELTSIN: .... A Raisa Gorbachev dummy.
EDITH CRESSON: .... A copy of The Life of Houdini
ROBIN LEIGH-PEMBERTON: ... Samuel Brittan's collected essays
TINY ROWLAND: .... A gift voucher from Harrods
GERALD RATNER: .... A Mickey Mouse watch
JAQUES DELORS: .... A colour-by-numbers picture of Margaret Thatcher
NORMAN LAMONT: .... An Aladdin's lamp.
PADDY ASHDOWN: .... A safe-deposit box in the Bank of England

Denny of Soho: quality linen at low prices

For damask, read Denny

THE MOST indelible memory of many a festivity is the crumpled array of stained napkins, red wine and gravy usually being the worst culprits. There comes a point when no amount of laundering will erase those telltale brown blobs and replacements are the only answer.

But where to find them? Everywhere you turn, from department store to speciality shop, there are fancy versions: lace-edge, hand-stitched — and expensive. What few of them can be bothered to stock is good, old-fashioned, fine-quality and unfussy plain damask linen.

The place to head for is P. Denny, in the heart of London's Soho. A long-standing chef and restaurant supplier (established in 1923), Denny is used to restaurants demanding three dozen waiters' cloths "sharpish." Here you can find basic kitchen and dining-room linen ranging from the humble oven cloth to starched table napery and brocade waiters' waistcoats, all at exceptionally low prices.

What is more, Denny runs a mail-order service, both in the UK and internationally. The invoices carry the company logo of a saluting bell-boy and sum-up the shop's atmosphere perfectly.

Denny is worth a visit just to see the shop fittings. Glazed window cupboards, installed when it was built, are still in service, decked out with statuesque chefs in chequered trousers and neckties. The original mahogany and brass glazed counters display boxes of brightly-coloured silk cuff knots (£4.95), Eton St George artificial silk armbands (£2.15), collar studs (35p) and a range of bow ties (£3.95).

If what you want is working linen that will not be turned into a limp rag after the first wash, Denny has a vast range that time has revealed can withstand the rigours of a hotel kitchen and dining-room. It ought, therefore, to do more than just survive yours.

A white damask tablecloth can be ordered in various sizes to fit most domestic dining tables. An average-sized cloth, 90 in by 54 in, costs £18.25. White damask napkins are only £1.80 each.

If you are tired of tea-cloths that seem to absorb only enough moisture to dry one tumbler, Denny sells an excellent linen glass cloth (£2.35) and the heaviest-duty oven cloth I have ever seen for just £5.45.

If you need to kit-out a chef, Denny is where you should find what you need (in Paris, chefs' kits are all the rage among the trendy youth, who head for La Samaritaine to buy their little white or blue-and-white checked chefs' jackets to wear over their leggings). A double-breasted chef's jacket will give the man of the house an authoritative presence, even if his culinary skill extends only to whipping up scrambled egg. The traditional chef's toque (£2.85), that sits surprisingly snugly on the head, is an excellent fun birthday present.

For messy cooks, for whom spillage is all part of the creativity, the caterers' chef aprons are sturdy protectors: starched white cotton waist-to-floor wrap-arounds with tie straps are £3.10, while the traditional striped butchers' aprons in blue, green or red are £4.75 (with pocket). And to keep the whole ensemble in shape, Denny even supplies sock suspenders, each pair boxed individually for just £3.25.

■ *P. Denny & Co., 39 Old Compton Street, London W1V 6NP. Tel. 071-437-1654 for the catalogue and mail orders.*

Penny Lewis

MOTORING/SPORT

The Scandinavian way to avoid ice follies

***Stuart Marshall** travels to Norway to take a spin on a frozen lake*

Cold comfort: Stuart Marshall puts the Saab 9000 through its paces on the ice and snow

BOTH Saab 9000s fired-up instantly after a sub-zero night in the open outside my hotel in Lillehammer, Norway. But one of them shed the frost from its windscreen and side windows much faster than the other, and created far less air pollution in the critical first few minutes of operation.

The secret was under its bonnet – a device Saab is pioneering and plans to offer customers on its 1994 models. Technically, it is a heat accumulator but think of it as a giant vacuum flask. It stores surplus heat so effectively that, 72 hours after the engine has been switched off, the coolant inside the flask is still at 78°C.

At the next "cold" start, there are several benefits. The pre-warmed engine reaches working temperature very quickly and the catalytic converter is soon cleaning the exhaust gases. (Normally, there are several dirty minutes because a catalyser has to be hot to work properly). Engine wear is reduced and, as I saw in Lillehammer last week, the car heater defrosts the windows quickly.

The accumulator will be an optional extra, costing not more than £500. Environmental benefits apart, it saves petrol – enough, Saab reckons, for typical Swedish owners to see their money back after three years.

Driving on icy roads is something at which the British are not very good because they do it so rarely and their cars are not prepared for it. In Scandinavia, most motorists have to cope with conditions that would keep UK drivers at home for about five months each year.

The first thing they do is fit the right tyres, with treads made of a rubber compound that stays flexible and reasonably grippy at low temperatures. They also have more than 100 tungsten carbide studs protruding far enough from the tread rubber to bite on ice.

On surfaces the British would consider as having zero grip, studded tyres make driving quite easy providing you are sensible about it. They are certainly not a licence for the speed you might use on wet roads with summer tyres.

Outside Lillehammer, I drove two Saabs on a lake: a veteran 900 with a turbo-charged 16-valve, two-litre engine, and the latest 2.3-litre 9000CS, also turbo-charged.

The 9000 was easier to drive in the snow-packed and slippery conditions because it had another aid to winter motoring. TCS stands for traction-control system. It uses the electronic sensors of the ABS brakes in combination with electronic throttle control to stifle wheel-spin. As soon as a tyre loses grip, power to that wheel is reduced until it stops spinning.

Not only does TCS increase traction so that you can re-start on an icy hill – it also makes the car handle more stably by curbing wheel-spin even when accelerating round a bend. In effect, TCS, which is offered on both manual and automatic 9000s, provides many of the benefits of full-time four-wheel drive without its cost, complication and fuel consumption penalties.

So far this year, there has been no winter to speak of in the south-east of England and Norway's snow was the first I had seen this year. But there is still time for an Arctic spell; last year's main snowfall in the UK was in February.

What can motorists do to make driving on ice or snow-covered roads safer and less frightening? Obviously, having the right car is a help (although not all of us can afford Saabs with their heated seats, TCS and ABS systems). Saab's former rally ace, Erik Carlsson, now in his 60s, is still faster and safer on ice than many of us are on dry roads. His tips include:

- Take off heavy outer garments as soon as the car has warmed-up – they restrict a driver's natural movements.
- Change gear as smoothly as you can; jerking could start wheel-spin.
- Stay in the ruts formed by other traffic on snow-covered roads. They could be slippery, but it is safer to be in them.
- Be very careful when changing lanes, especially in cars with rear-wheel drive which do not have so much traction as those with front-wheel drive. Slush and deep snow on either side drags on the car when you pull out to overtake and can cause loss of control.
- If you do get stuck, turn off the radio, open the side windows and listen to the engine as you engage first or reverse and apply minimal throttle. Do not let the wheels spin through excess power. The car might move only an inch or two, but let it roll back and then try again. Gradually, the distance you move will increase and there is every chance the vehicle will rock itself free.
- Take breaks. Driving in winter demands extra concentration and is more tiring than in summer. Stop now and again, have a short walk, a snack or just a breath of fresh air.

Golf

The last of the mega-projects

John Hopkins finds Robert Trent Jones is bucking a depressing trend

UNTIL I heard about Les Domaines de Vidauban in Provence, I had thought the era of big golf course projects had gone the way of the small ball and the No 10 iron. All over Europe, particularly in Britain, big projects were being put up for sale or being restructured – victims of the recession and concern for the environment.

Remember the £52m project on the banks of Loch Lomond that was to have rivalled Gleneagles for luxurious facilities? Or East Sussex National, the course that had designs on Augusta National, the site of the US Masters? The ambitious Scottish venture is still in the hands of the receivers 15 months after they were called in by the Bank of Scotland. No realistic buyer is in sight. East Sussex survives, thanks to a successful rescue operation, but as a shadow of its proposed self.

Another casualty was Slaley Hall, the £20m golf and country club in Northumberland that went into receivership late last summer with debts of more than £20m. Liquidators Touche Ross recently turned down a £20m bid for the property.

Clubs on mainland Europe have also been affected by the recession. In Austria, the lavish and luxurious Gut Altentann complex, where the Austrian Open is played on a course designed by Jack Nicklaus, has changed hands twice at least since it opened three years ago.

Chateau les Forges, a 36-hole complex built by Swedes near Poitiers, western France, was due to open last August. Instead, it was up for sale. The Swedish management team have been removed, banks have taken the property over and it remains unsold. The asking price is FFr60m (£6.14m).

And then I came across Vidauban, which is little more than a small town by the side of the motorway that runs between Toulon and Cannes and Nice. If the town is insignificant, the project certainly is not. Les Domaines de Vidauban is being built on rolling, wooded land 15 miles from St Tropez. When it is finished it will be the biggest golf-orientated project in Europe, bigger even than Sotogrande in Spain.

It will eventually contain three golf courses, swimming pools, 40 tennis courts, horse riding, polo, two artificial lakes equipped for water sports, a nature reserve and six hotels. Each of the three courses will have 200 homes on it, which is not particularly dense compared with some courses in the US and Spain.

Robert Trent Jones Snr, the golf course architect, bought the 2,500 acres at Vidauban 20 years ago when he saw that its pleasantly undulating, wooded landscape would be ideal for golf. He and his son Bobby have laid out the golf courses.

"The site represents one of those happy coincidences because the farmer who sold it to my father thought he was getting a bargain because it couldn't be farmed. It was too rough," says Bob Jones.

"My father wanted it because he saw the land differently. He recognised the rolling terrain would be ideal for golf. It had lots of movement in it."

It was not until two years ago, when Bob Jones met Pierre Schnebelen, the Frenchman who developed Tignes as a ski resort in the French Alps, that sufficient development skills were brought to the project to get it started. Robert Trent Jones and Schnebelen became partners, and an initial £25m was raised.

Then Schnebelen brought in Malik Bencheghib, chairman of Fonciere Malbe, to help with the finance and building, and Bencheghib in turn brought in Interconstruction, the French construction company which had built the Arche de la Defense in Paris. With a further injection of £15m, the project got underway in mid-summer last year.

Now they are moving ahead rapidly. The show village was opened in the autumn. On January 1 this year a German businessman arrived from Munich and looked around. The next day he left having paid £1.3m for a house by the side of a fairway.

The supporters of Vidauban point out that although France has quite a number of golf courses, and more are being built all the time, there are few if any venues this size. Claude Temple of Vidauban describes other courses in the region as providing *"le golf aperitif*: small, short courses that do not feature good architecture. This is *golf immobiliere*, golf to sell houses."

With his tongue not too far into his cheek he says enthusiastically: "The world is full of people waiting for Vidauban. Its time has come."

It is easy to be beguiled by Provence in January, when the mistral is not blowing and there are not hordes of holiday-makers dashing to St Tropez. The rugged red landscape stands out vividly beneath a gun-metal sky. Toulon airport, soon to be enlarged, is only 30 minutes away by car, and when the TGV stops at Vidauban it will be possible to travel from Paris to Vidauban in 3½ hours by train.

There are other pluses. In fire-ridden Provence, a golf course with sprinklers is considered to be a fire break, and thus seen to be good environmentally. It is also a bonus to have the considerable experience of Schnebelen, a man who spends time in a monastery, has written two books about meditation and is also building an enormous ski resort in Idaho.

At Heathrow airport, returning from Provence, I was handed a sticker advertising a company called Pink Elephant Parking. It made me think: I hope Vidauban is not going to be a white elephant.

Soccer/**Peter Berlin**

Why Taylor can't please everyone

ON MONDAY at 1pm, England soccer manager Graham Taylor will put his head in the lion's mouth again. He will announce his squad for the international against France and brace himself for a roar of public disapproval. England is a nation of would-be managers and every fan thinks he could name a better team.

This is part of the ritual that accompanies each of England's mid-week internationals during the season. It starts tomorrow when the Sunday papers offer Taylor some tips for his team, and ends two weeks later when the same papers take him to task for not following, or following, their advice.

In Taylor's 19 months as manager England have lost only once, but the fans are growing restive. His considerable PR skill has been stretched to the limit as he confronts the dilemma that faces the national team managers in every leading soccer country.

On the one hand, England expects its men to qualify for both the European Nations Cup and the World Cup. Anything less could cost Taylor his job. On the other, it is not whether you win or lose but by how much you win. Taylor has picked industrious, effective teams which have been criticised by fans and journalists who yearn for a side with flair and are reluctant to accept that English football is short of creative players.

It is not a uniquely-English problem. Carlos Bilardo, who as a player and a manager epitomised the pragmatic side of Argentinian soccer, steered a mediocre squad to the last World Cup final where they lost to a dubious penalty.

That was not enough when set against the example of Argentina's exuberant triumph at home in 1978. President Carlos Menem criticised Bilardo's defensive approach and he was replaced after the cup.

Taylor is fortunate that England's only World Cup win, in 1966, came under Alf Ramsey, an uncompromising utilitarian. His midfield contained Nobby Stiles and Alan Ball, who employed their undoubted talent strictly in the traditional role of the combative British wing-half: tackling, running and making sensible passes.

The manager's dilemma is particularly acute for Taylor because of his approach to the game. As the job of managers has become less and less secure, they try to exert more and more control over the events that determine whether they stay in work. Since they cannot kick the ball on Saturdays, what counts is what they do on the training field the rest of the week. In 19 years as a manager, Taylor has never been fired. He must be doing something right.

His last team before England was Aston Villa, where chairman Doug Ellis has always been quick to pull the trigger on managers. Taylor says: "I made it very clear from the word go that I was definitely going to be in total charge of the football side of things."

At Elton John's Watford, Taylor was one of the pioneers of the systematic, long-ball game. It took Watford from the fourth division to an FA Cup final and second place in the first division. At Villa, a slicker but equally industrious and well-drilled team went from the second division to League runners-up in three years. He knows better than to put his fate at the feet of creative players.

'He has never been fired. He must be doing something right'

"Don't kid me football is about style." he says, "If that's what you want, okay, I'll produce an England side that plays lovely football. But it won't win us many games."

His problem is that fans want style. At Watford, for all his success, he was barracked and once carried a placard saying "I'm sorry" on to the pitch – but stuck to his winning style. England fans remember and are suspicious.

On a recent television 'phone-in, Taylor found himself defending (yet again) his decision to drop Tottenham's Paul Gascoigne, the archetypical unpredictable midfield genius, for an international in November 1990. The fans have also criticised Taylor for insisting that Gascoigne must have recovered 100 per cent from his crippling knee injury before being considered for the European finals in July. They suspect he is giving himself leeway to omit Gazza again.

Taylor has learnt his lesson. Against Turkey last October, he brought back two favourites, Bryan Robson and Chris Waddle. Both played poorly in a poor England win. The public got the message: Robson was too old; Waddle, for all his talent, was too erratic – and Taylor had a valid reason for discarding them.

The struggle to replace Robson and Gascoigne has highlighted the problems facing Taylor, Colin Bell, who played 48 times for England, said it took 20 games to find his international feet. In the past 12 months, England have played just 12 games – four of those on a trivial summer tour. In that time Taylor has played 12 midfielders. Six were included in his squad against Poland in November. Of these, David Platt had won 20 caps. David Batty and Geoff Thomas both made their debuts in 1991 and none of the other three had started an England game.

Platt's goal-scoring touch apart, this group is short on flair. They are dependable in the Stiles' mould – and at least four of them will be in Monday's squad. But Taylor could not pick any other sort of player, even if he wanted to. World-class players are always a scarce commodity.

England fans may pine for the time, just six years ago, when the World Cup squad contained Robson, Glenn Hoddle, Peter Reid and Ray Wilkins, but that team was short of top-class defenders. Injuries permitting, Taylor will be able to pick a back four of Des Walker, Mark Wright, Paul Parker and Stuart Pearce to play France on February 16, and again in Sweden in July.

It is, for Taylor, a happy distribution of wealth. The talent available suits his approach. His team may not surprise opponents, but a tight defence and a smothering midfield means that he is not going to get any nasty shocks, either.

Taylor's defence has let in eight goals in 14 matches under his control – half of those in two summer friendlies against Malaysia and Argentina. With Gary Lineker in attack, plenty of well-rehearsed free-kicks and corners plus a touch of luck – Taylor has always been lucky – some of the unprepossessing players in his squad on Monday could find themselves collecting European medals in six months.

As they say in Europe

Germans savour a French farce

"ENGLAND means to keep its place as top European nation" is not what one expects to see in a French paper, even one as fair-minded as *Liberation*. But then last November I noted the honesty and restless search for truth that characterises French rugby writers. In other areas things have to come to a pretty pass before the British are held up for admiration.

The Georges Habash affair did it. *Le Figaro* finds it hard to maintain a steady output of hysterical contempt for the government day after day, so the decision to allow an alleged top terrorist into France for hospital treatment was a gift. It gave Alain Peyrefitte and the French language the opportunity to deploy their talent for sustained abuse.

Ridiculise', which has to be translated as "made ridiculous," became the title and leitmotif for Peyrefitte as he worked steadily through government ranks to spread the blame for this embarrassing incident as widely as possible. He ended up with Francois Mitterrand.

"What hits us between the eyes are the vices of a system where the President of the Republic himself declares, 'I have no cabinet, I have only colleagues who work directly with me.' In other words: *L'Etat c'est moi*."

Peyrefitte concluded: "When officials of the 'Foreign Office' committed the error of not foreseeing the invasion of the Falklands, it was not they who paid the price. Lord Carrington nobly resigned. He was, however, on the basis of all evidence, totally innocent. Such is the greatness of political responsibility."

The Germans enjoyed all this, in their rather gloomy way. *Die Welt*, never exactly Francophile, wrote: "At first Paris played the role of good Samaritan to a world-famous terrorist. Then it pledged to investigate this hangman. And finally it refused the promised 'humanitarian aid' and sent the malingerer George Habash back to Tunis without investigation."

The paper expatiated on what it saw as backstairs dealing by France in the Middle East peace process: "The damage to French foreign policy is great, the position of the socialist government of President Mitterrand has again been shattered."

The German word for this sort of thing is *Schadenfreude*; in Italian the enjoyment of others' discomfiture is *piacere maligno* and it is what *L'Indipendente'of Milan* felt on Tuesday.

Germany had tried to make the world forget its history and now the rebirth of nationalism meant "the Germans regard the chaos in France next door with indifference rather than anger. The power of habit, the weight of inertia and automatic reflexes could prolong the special relationship between France and Germany. But sustaining the Franco-German marriage in the new reality of the international system demands much political goodwill between the two countries. And today that goodwill seems to be missing."

Footnote: In the spate of forced resignations, Andre Frossard had a solution in his column in *Figaro*: "France will have to resign, she presents herself as great and hospitable. So France is responsible and guilty. She must be removed."

■ ■ ■

President Yeltsin's trip to the West last week was seen as a triumph – in the West. In Moscow it was different. *Pravda* wrote: "Boris Yeltsin succumbed to a temptation familiar to us from the last resident of the Kremlin – go abroad and seek solutions to domestic problems. His entourage has concluded that the fate of Yeltsin's reforms, and hence his government, is now in the hands of the west."

The paper is disillusioned with the "peace dividend."

"What economic gains will Russia's inhabitants get from cuts in nuclear weapons? None in the short term. Any savings will be felt, at best, in ten years or so. And before that we shall go through the inevitable social unrest caused by the speedy fulfilment of disarmament promises."

Nezavisimaya Gazeta wrote: "While nuclear Russia quickly gained understanding and money, market Russia gets very little. Only Major and Mulroney displayed any loyalty to the economically-doomed Russian President. Others of the 'seven' have refused to set up a stabilisation fund for Commonwealth currencies."

Izvestia reported that the proportion of Muscovites dissatisfied with their existence had risen from 61 per cent to 81 per cent in a month. But of those polled less than 1 per cent said: "Enough is enough," "a military coup is needed," or "let's get the government off its chairs and into the sausage queue."

James Morgan

■ *James Morgan is economics correspondent of the BBC World Service.*

TRAVEL

Dancing in the footsteps of Columbus

***Nick Haslam** fails to master either the merengue or the mosquitoes in the fast-changing Dominican Republic*

"WELCOME TO the capital of merengue," said the American Airlines pilot as we taxied to a halt. We had arrived in Santa Domingo, capital of the Dominican Republic and famed in the Caribbean for merengue, a sensual hip-swaying dance that drove 19th-century missionaries to apoplexy.

Merengue and missionaries are still much in evidence in the Dominican Republic. Clubs blare out the brassy rhythms until dawn and Hari Krishna, Baptists and short-sleeved Mormons harangue passers-by in Santa Domingo every day.

I had spent a week in the capital, and despite great efforts had failed to master the subtleties of merengue. Determined to escape the gruelling nightlife, I decided to visit La Isabella, Columbus's first settlement on the island's Atlantic coast.

My merengue coach, a young Dominican doctor called Christina Gonzales, offered to be my guide. Dominican doctors had been on strike for more than two months over their sub-subsistence pay of $200 (£110.40) a month, and she welcomed a break from picketing the state hospitals, now manned by army doctors.

Columbus first landed on the island in 1492, and was so charmed by its rolling hills and pastures that he called it Hispaniola. The country is now bracing itself for the 500th anniversary of his arrival. An immense British-designed monument to the Discoverer of the New World has been built on the outskirts of the capital, causing chaos and anger among slum-dwellers whose houses were razed to make way for it.

Numerous hotels are springing up on some of the most beautiful beaches, and Dominicans have been exhorted in radio broadcasts to be kind to visitors and not harm the goose that lays the golden egg.

We left the capital early one morning on a *guagua*, the shared transport that everyone uses to get around on the island. I wanted to see the mountains of the centre and we were travelling to the Atlantic via Constansa, the highest town on the island. The *guagua*, an old Toyota bus, climbed slowly up a muddy track that snaked along ridges and dipped into steep valleys. In villages above the cloud line, ragged children played in the dirt.

We crested a last ridge and arrived in Constansa. The air was cool, and pine forests came down to the road. It took an effort of will to believe that we were really in the Caribbean and not the Alps. The people were different, too, with blonde, blue-eyed peasants working in the fields by the road.

We stayed for lunch in the town and were amazed to meet a Japanese farmer. He spoke the strongly-accented Spanish of the island: his family had been there for three generations. His grandfather, a farmer whose family was starving in post-war Japan, had responded to an advertisement in 1946.

Trujillo, the notorious Dominican dictator, determined to ginger-up his own peasants by injecting new blood, offered free land to Europeans and Asians. Initially, Hungarians and Poles had worked alongside Japanese in the mountains. But they drank and fought too much and soon went on to California.

The Japanese had prospered and introduced rice and vegetable-growing techniques that trebled crop yields. "We now have our own schools with teachers from Japan. Some of us have married Dominican girls, but we mostly marry among ourselves," the farmer told us, bowing formally when we left the restaurant.

Our next *guagua* was an ordinary Datsun saloon. Eight passengers were crammed inside with the driver perched on the lap of a front-seat passenger. Merengue blared from the loudspeakers and a venerable matron squeezed next to me sang the chorus with gusto.

We arrived in La Isabella as dusk fell. We had travelled the last ten kilometres on an ancient Honda 50 which gave up the ghost when its driver attempted to ford a river, so we walked and waded the remaining two kilometres into the village. As the sun set, we could see why Columbus had chosen this site. Connected to the mainland by a narrow neck of land, it offered natural defence against Indian attack while a shelving beach provided an easy landing site for the Spanish.

Columbus had landed there late in 1493 after a three-month voyage. The 1,400 settlers, many of whom were escaping the privations of life in medieval Spain, wearily disembarked and gave thanks for their safe arrival.

But their relief was short-lived. A nearby marsh supplied enough mosquitoes to spread yellow fever and malaria through the new arrivals, who died in scores. Water had to be brought by donkey from the same river we had crossed two kilometres away. After five years, the site was abandoned and the settlers moved inland to higher and healthier ground. But it was still the first European settlement built in the New World.

Dominicans have been exhorted in radio broadcasts to be kind to visitors

We found the only bar in the simple village of one-roomed shacks and hired two beds in the hut that served as the hotel. A chicken was killed and cooked for us. The servant girl, named Soledad, who looked as if she had gypsy blood, sat with us and watched as we ate in the light of an oil lamp. She was fascinated by our conversation, and would repeat snatches of it to other spectators invisible beyond the pool of light. That night we slept fitfully, bitten by descendants of the same mosquitoes that had played havoc with the first settlers.

We had been told in the capital that the site was being excavated by a well-known Venezuelan archaeologist, and next morning found Dr Cruxent (El Profe) wearing a stained singlet and sifting through pottery fragments on the site. A Catalan, he had left Spain as a refugee in the civil war and had been excavating and teaching in south and central America ever since.

We breakfasted with the professor on the site of Columbus's settlement, now fenced off from the village. The area was flat, and lines of whitewashed stone marked the position of the wooden stockade of the old fort. Cruxent, in his eighties, laughed when I expressed surprise that the site was so bare. He explained that in the 1950s a government minister had overheard Trujillo complaining about the untidy nature of the site at La Isabella.

To curry favour, he dispatched two bulldozers to the village, flattened the site and had the entire area concreted over and two flagstaffs erected, one for Trujillo and one for the Dominican Republic.

As he told the story, Cruxent's face grew longer. "That top layer is the most valuable in a site of this age. All I can do now is attempt to reconstruct the site from the few remaining artefacts we can find."

We spent the day with the professor, visiting the excavations that extended throughout the village. Many of the villagers worked on the grid of trenches that would provide information about the lay-out of the old town.

The graveyard had recently been discovered, and a skeleton lay exposed. "We know he is Christian because his hands are crossed on his chest – he was probably among the first ever to land here," said Cruxent. The blackened skeleton grinned up at the tropical sun. "The trouble is we have no money to protect this site from the weather. Another hurricane like David back in '79 and all of this will be lost."

That night we went to bed early and caught the only *guagua* to the capital that passed through before dawn. As we bumped past the professor's hut, we saw him standing at the door with an oil lamp. He gave us a letter to post in the capital and said: "Come back for the celebrations in '92, and try to raise some funds to protect this place as well." I promised to return, and saw him waving goodbye as the driver turned up the merengue and we rolled off into the dawn.

■ **Nick Haslam travelled to the Dominican Republic c/o American Airlines (res: 0800-010-151; 081-572-5555) which flies daily to Santa Domingo from Heathrow via Miami or New York. Transport to La Isabella can be arranged from any of the main hotels in the nearest large town, Puerto Plata. Car hire costs about $80 a day, minimum two days, insurance included.**

Relais group grows

DID YOU know there were newly-elected Relais & Châteaux establishments in Argentina, Fiji and Uruguay? Neither did I, *writes Michael Thompson-Noel*. But then R&C, which brings together as fine a collection of hotels and restaurants as you will find, is cautiously extending its reach into all sorts of nooks and corners.

The 1992 edition of R&C's guide offers 387 hotels and restaurants in 40 countries: 148 in France, including eight new members, and 239 outside France (23 new).

However, as the organisation makes clear: "Maintaining and developing the quality of the R&C network is one of our main concerns. This is the reason why 19 establishments (six in France and 13 outside) will be leaving Relais & Châteaux in 1992."

The R&C flag-waver in Argentina is La Cascada Hotel in San Carlos de Bariloche; in Uruguay: La Bourgogne, a restaurant in Punta del Este; and in Fiji: the Vatulele Island Resort.

Britain has 20 Relais members, of which three are Relais gourmand (restaurant only). Between them, these 20 have 17 Michelin stars, 414 bedrooms and suites, and a gross turnover of £30m-plus.

The two new members are the *Summer Lodge Country House* Hotel at Evershot, west Dorset – the only UK country house hotel joining R&C this year – and Albert Roux's Fortyseven Park Street (posh apartments) and Le Gavroche (three Michelin stars) in London's Mayfair.

I have not been there, but *Summer Lodge*, in Thomas Hardy country, sounds useful. It quotes various special deals. For example, two-day weekend breaks from now until April 16, and from October 1-December 22, cost £165-£205 per person, including afternoon tea, dinner and breakfast. Three-day weekday breaks cost £225-£300 per person in these periods. The equivalent single rates: £195 and £275. (Tel: 0935-83424, fax: 0935-83005).

■ Full details of R&C establishments can be had from its info office at 24-25 New Bond St, London W1Y 9HD, tel: 071-491-2516, fax: 071-584-0439. The head office is in Paris, tel: (010)-331-47234142.

BOOKS

A radiantly comic kind of Greenland

Anthony Curtis looks at the life of a charming professional

HENRY GREEN was the pen-name of Henry Yorke, managing director of the Birmingham-based engineering company, H. Pontifex and Sons. Originally it had made lavatories – the Pontifex Maximus was the de luxe model – but market forces caused the firm in the 1930s to switch to the manufacture of equipment for the catering industry.

Yorke's pseudonym unfortunately coincided in all but the absence of a final "e" with the real name of a writer who was to rival and eventually out-strip him in fame and reputation – one Graham Greene, a writer whose novels Henry Green happened greatly to dislike. It so happened that both were major novelists, Greene of socially committed fiction with Catholic themes, Green of a radiantly comic kind of novel, strong on verbal mimicry, that was his own unique English thing. For a while in the 1940s the two of them jointly dominated English fiction.

From the start Green had the edge over his rival in one respect, the single word title. This kind of title was rare when he published his first novel *Blindness* in 1926. Green wrote that novel while still a pupil at Eton. By the time it was published he was up at Oxford reading English, one of the first batch of undergraduates at Magdalen to be taught by a newly appointed don called C.S. Lewis.

Green's single-word titles continued. Apart from being a marketing gimmick, they seemed to be saying that the novels dealt with some on-going unresolvable condition – *Living* (1929), *Loving* (1945), *Concluding* (1948), *Doting* (1952). In *Party Going* (1939) he allowed himself an extra word to define the circle of rich people and their servants who are the book's subject, held up by fog at a railway terminus on their way to the South of France. Green and his wife, known always as "Dig", would go on similar jaunts before the war with their friend Aly Khan.

In the one work where autobiography and fiction are blended he runs in his title to three quick monosyllables *Pack My Bag* (1940), but for the two novels which cover phases of the war in England, – *Caught* (1943) and *Back* (1946) the titles are resignedly monosyllabic. In a novel of the immediate postwar period entirely written in dialogue – about a flighty father's relations with his solemn son – Green teased his readers with the title *Nothing* (1950).

These were all the books published by Green in his lifetime. Greatly to the disappointment of his admirers, he gave up writing long before he died in 1973. The reserves of energy he had summoned over so many years to pursue his various careers of bright young thing, managing director who shuttled between London head office and the works in Brum, industrial spokesman, novelist, Blitz firefighter, seemed to abandon him altogether on his official retirement. He withdrew in one fell swoop not only from commerce, manufacturing and novel-writing, but from friends and all forms of social life as well.

SURVIVING: THE UNCOLLECTED WRITINGS OF HENRY GREEN
Chatto & Windus £18, 301 pages

For any admirer who has long thirsted for *More* (the title I would have given this book – called in fact *Surviving*), here is a rich reminder of Green's eccentric writing styles. It contains fascinating unpublished juvenilia, rejected late stories and an unperformed TV play, along with pieces that have only previously appeared in magazines, several from the war. The collection is topped by forewords by John Updike and Matthew Yorke, Green's novelist grandson, and is tailed by his son Sebastian Yorke, who contributes a candid, informative, biographical memoir of his father. So far there has been no full-length biography.

Green's radio talks on novel-writing, also included, were well worth preserving in this form and so was the hitherto unpublished *Mood*. This represents the first part of a novel about a friendship between two young women. Later Green admitted he had abandoned the book when he fell out of love with the girl on whom the heroine was based.

In the Bookmark programme *Trapped: The Story of Henry Green*, shown on BBC-2 last Wednesday, sensitively directed by Roger Thompson, we saw glimpses of the man himself in his heyday. There he was in full close-up – that extraordinarily handsome face he normally refused to allow to be photographed from the front. His film-mad admirer J. Maclaren-Ross once told me he thought Henry looked like Ray Milland.

Green's replies to the invisible interviewer ("Novel-writing? No, I've given it up – it's too tiring") were inter-cut with shots of Forthampton Court, near Tewkesbury, the family house where his childhood was spent (model for the one in *Loving* even though that book was set in Ireland), and interviews with former colleagues, fishermen, factory hands, servants, several highly articulate women friends – one Japanese – trying to define the nature of his personal magnetism, male friends like Noel Annan, and finally Jenny Rees (Goronwy's daughter) who was supposed to take down the autobiographical sequel to *Bag*, never written. Then there was Kate Broom, who served Green with his nightly gins at the George IV in Knightsbridge opposite his London house and was puzzled by his lonely vigils.

In my youth I once met him there when I was trying to write something about him and we talked about his books, particularly *Back*. He said that it had had about 70 reviews and not one reviewer had picked up the anecdote about twin identities from the memoirs of Mme de Créquy, translated by him and planted carefully in the middle of the narrative. "I even published another extract from her memoirs in *Horizon* just before the book came out", he said. Fifty years on we now have that extract re-published in *Surviving*. But one has to say that the relevance of these spurious pieces of 18th century court gossip to the novel is at best marginal.

Green then asked me where I thought of publishing my article on him. I mentioned some obscure little magazine. Why didn't I try *Penguin New Writing*, he suggested. I replied I thought they would be most unlikely to consider a piece by an unknown undergraduate. "I don't know," he countered. "John Lehmann who runs it is absolutely besotted about a Greek poet called Demetrios Capetanakis. Now if you could slip into your first paragraph a comparison between his poetry and my prose, I'm sure you'd be well away." Green was a charming man and a real professional.

The novels of Henry Green are being re-issued in paperback by Harvill. Currently available are Living, Loving *and* Caught, *at £6.99 each.*

Henry Green: master of the single word title

'Uncle Joe' accommodated

Frank Roberts on policies which survived from Stalin to today

THIS VOLUME covers the post war months between the Potsdam Big Three Conference and the Council of Foreign Ministers, including France, in Paris. Truman and Byrnes Washington retained Roosevelt's objective of co-operation with Stalin's Soviet Union. The new Labour government in London gave general support with fewer misgivings than would probably have been forthcoming from Churchill, already highly suspicious of Stalin in the closing months of the war.

It was, however, a period during which the evidence accumulated of Stalin's very different objectives and working with him became increasingly difficult. The wartime hopes of Roosevelt and Churchill that, if treated as a member of their club "Uncle Joe" might one day behave as such, were not realised. But Stalin wanted peace to restore the Soviet economy and he had committed himself at Yalta and Potsdam to machinery of consultation and co-operation, above all in Germany and Austria, even in Eastern Europe and in the United Nations.

The major issue of Germany, on which the wartime alliance finally broke down in 1948 with the Berlin Blockade, to be followed by the Cold War, is not the theme of this volume. But its first chapter covers the consolidation of Soviet hegemony, based upon the victories of the Red Army and the introduction of Communist Party leadership in Poland, Romania, Bulgaria and Hungary. It also records the successful, although at times seemingly desperate, struggle of the UK, again involving armed forces, this time British, to preserve Greek independence.

The second and much shorter, although to to my mind more important chapter, deals with bilateral Anglo-Soviet relations, above all with the reassessment in the Moscow Embassy and in Whitehall of Soviet policies and of the character of the Soviet regime, together with recommendations for future British policies. These studies were carried out in parallel with a similar American exercise. I here declare an interest, since a considerable proportion of the published documents were from the Moscow Embassy, of which I was then in charge, working closely with American opposite number George Kennan and later with the new American Ambassador, General Bedell-Smith.

Germany was a central concern for the UK and US alike, as were Iran and Turkey. The Americans naturally gave more attention to Japan, China, Korea and the Pacific, while the UK concentrated upon the Middle East and also upon potential Soviet influence in the forthcoming transformation of the British Empire into the Commonwealth.

Returning to the first chapter, British interests lay mainly in Greece and with Poland, our ally since 1939. It became increasingly clear that we could do little to prevent the Russians from abusing their position in the Tripartite Control Commissions in Romania, Bulgaria and even Hungary to ensure that the minority Communist parties dominated their governments. Tito's Yugoslavia, with whom our wartime relations had been so close, had become openly hostile, threatening the Italians in Trieste and the Austrians in Carinthia and above all supporting the Communists in Greece, where Stalin preferred to remain in the background. The documents show how burdensome a task Bevin had taken over from Churchill in Greece, one indeed which before long had to be passed on to the Americans.

There remained Poland, where our only weapon was diplomatic pressure, in trying, as it eventually proved in vain, to hold Stalin and his Communist puppets in Warsaw to his Yalta commitments. This meant discreet support for Mikolaczyk, who had some success at first, efforts to ensure the return to Poland in safety of those in the Polish forces wishing to return, and concern for the manner in which Poland took over the administration of its new and formerly German territories.

But Soviet control, military, political and economic, was growing ever stronger. While Soviet hegemony over Eastern Europe came as no surprise, Stalin's ruthlessness and disregard of his western allies were important factors in the reassessment of Anglo-Soviet relations recorded in Chapter II. However, the old priority of seeking to work with the Soviet Union was not lightly abandoned. As late as the spring of 1946 Bevin was still trying in vain to interest Stalin in a new Anglo-Soviet 50 years Treaty. It was not until the autumn of 1946 that decisions were taken on Anglo-American policies in Germany without the Soviet Union, and then only because there was no prospect of Soviet co-operation in the restoration of the German economy as an essential part of the European Recovery Programme.

DOCUMENTS ON BRITISH POLICY OVERSEAS: SERIES 1, VOL VI. EASTERN EUROPE, AUGUST 1945-APRIL 1946
H.M.S.O. £47, 395 pages

There were were obviously differences of emphasis between the Foreign Office and the Moscow Embassy and indeed between the diplomatic and military assessments in Whitehall. But there was basic agreement on the main thrust of future policy. The essential feature was to regard Stalin's approach as adversarial, but not necessarily leading to military confrontation, provided a working relationship could be maintained on a basis of Western strength and unity and tough realism. Working with the Soviet Union, wherever possible, remained desirable since there were issues where Soviet and Western interests were not divergent.

It was thus in the spring of 1946 that the basis was laid in London and Washington for policies towards the Soviet Union, to be pursued later in NATO and elsewhere, firm enough to deter or defeat dangerous Soviet initiatives but flexible enough to react to changes for the better in Moscow under Khrushchev, even under Brezhnev and finally under Gorbachev. Nearly 50 years later the result has been the unification of Germany and the end of Communism in Central and Eastern Europe and now in the Soviet Union itself.

These documents have been well selected and are, as usual in this series, presented with objectivity and scholarship.

One Palestine – complete with pitfalls

ON JUNE 30 1920 Herbert Samuel arrived in Jaffa aboard a British warship to take up his post as the first British High Commissioner in Palestine. Dressed in the white uniform of the British proconsul, complete with plumes and sword, Samuel was given a royal welcome. The Jews of Palestine, overcoming earlier misgivings about Samuel's appointment, enthused with their customary hyperbole.

Max Nurock, an Irish-born Zionist who was to be Samuel's private secretary, noted that the occasion took on a "messianic and a vice-regal character". The Mayor of Jaffa – an Arab – greeted the High Commissioner in English. But the controversial Meir Dizengoff, Mayor of the neighbouring all-Jewish Tel Aviv, departed from agreed procedures to address Samuel in Hebrew, thus pointing undiplomatically to the fact that the High Commissioner was a Jew.

The hyper-sensitive local political barometer gave a nervous kick. Accompanied by the Military Governor of Jerusalem, Sir Ronald Storrs Samuel journeyed by train to Jerusalem. At the official residence on the "Mount of Olives" the transfer of authority was affected. Jokingly, the outgoing Chief Administrator handed Samuel a typed form: "Received from Major General Sir Louis Bols, one Palestine, complete." Which Samuel obligingly signed, adding the commercial escape clause "E. & O.E" (errors and omissions excepted).

Then as now, "one complete Palestine" contained more pitfalls and contradictions than even the swell of optimism that attended Samuel's first steps could suppress. It was not long before these surfaced to frustrate his efforts. By the time Samuel had left Palestine five years later he had achieved a great deal in the areas at which he was good: he laid the foundation for a sound civil administration, and generally improved conditions in the country. To the consternation of Whitehall, he also went beyond his brief to extend British authority to Transjordan – a small expression of his robust imperialist instincts. Yet before the end of his term, he came to be resented by the Jews, distrusted by the Arabs and, as far as British aims in the region went, he seemed to have achieved little, if anything.

To accept such a judgment, however, is unfair for it disregards the region's quirky, meandering political evolution. As Professor Wasserstein wisely suggests – albeit with the benefit of hindsight – Samuel's steady dispassionate competence, his impeccable application of fair play, and perhaps even his unimaginativeness in the search for a commonly acceptable solution which anyway seemed unattainable, may well have saved the Zionist enterprise from crashing by giving it a much-needed breathing space. If this did not much help the Arab cause, it did not retard it either. Sir Ronald Storrs, hardly noted for his Zionist sympathies, wrote this of Samuel's tenure in his autobiography *Orientation*: "I do not believe that any previous five years in the history of Palestine – certainly none subsequent – can show a legacy of accomplishment comparable with that of his orderly, creative and passionless intelligence. And I firmly believe, if a Gentile may express an opinion on Jewish affairs (Jews express themselves freely enough on ours) that the names of the Big Four who will go down to history in the rebuilding of Zion will be Theodor Herzl, who saw the vision; Chaim Weizmann, who grasped the occasion; Arthur Balfour, who caused the world to renew the ancient Promise in a modern Covenant; and Herbert Samuel, who turned principle into practice, word into fact."

HERBERT SAMUEL: A POLITICAL LIFE
by Bernard Wasserstein
Clarendon Press, Oxford £45, 427pages

Even for the well-ordered and ethically unfettered Roman Empire, Palestine was a troublesome province. Samuel may have reflected on this as he contemplated the appointment with considerable reluctance. He realised that being Jewish would be disadvantageous to the task at hand, and to British interests. Samuel was perhaps naive in believing that his own overruling sense of justice and abilities could relegate his Jewishness to irrelevance in Palestine.

What about the Prime Minister David Lloyd George, who could not be accused of naivety in any sense? Lloyd George loathed Samuel, who returned the sentiment priggishly, moralistically. Is it conceivable that in dispatching Samuel to Palestine Lloyd George malevolently invited a disastrous failure both on Samuel personally and on the Zionist cause, which was averted by luck no less than by Samuel's probity and skills? I should have liked Wasserstein to consider this possibility and its implications.

Zionists too, were apprehensive about Samuel's Palestine appointment, despite his having been a force behind the scenes in the genesis of the Balfour Declaration of 1917, which committed the British Government to the creation of national home for the Jews in Palestine.

Wasserstein recounts how Chaim Weizmann responded to C.P. Scott, editor of the *Manchester Guardian* who had offered to put him in touch with Lloyd George. Scott said: "'You know, you have a Jew in the Government, Mr Herbert Samuel.' Whereupon Weizmann responded: 'For God's sake, Mr Scott, let's have nothing to do with this man'". A typical Zionist gut-reflex to influential Jews, derived from the fear that such Jews, wanting to dispel imputations of double loyalty, tended to bend backwards to show their impartiality in a way which was detrimental to the Zionist cause.

In the case of Samuel, Weizmann's apprehension was unfounded. Samuel's commitment to Zionism was deep and unwavering. Curiously, it was also consistent with his extreme Englishness.

Never brilliant, Samuel was, nevertheless, sublimely competent and endowed with a well-ordered mind and invaluable administrative skills. His peers considered him incorruptible, priggish and passionless which, in the cut and thrust world of politics, amounted to being safe, dependable, but boring. Such indeed was the nature of his career: replete with unspectacular achievements, but lacklustre.

Palestine was undoubtedly the high-point of Samuel's immensely long public career. Indeed, everything which followed – he died aged 93 in 1963 – was something of an anticlimax. Yet he became the Liberal MP for Cleveland in 1902, and went on to hold various governmental posts including Chancellor of the Duchy of Lancaster (1909), Postmaster General (1910 and 1915), and Home Secretary, twice, during the First World War and after. For a while he was leader of the Liberal Party. His loyalty to Asquith was as enduring as was his aversion to Lloyd George.

Much to Professor Wasserstein's credit, his book, like its subject, is admirably well-organised, and competent in every respect. Unlike Samuel himself, however, it is far from boring.

Elon Salmon

Back through blood and voodoo

IAN THOMSON, a 30-year-old Briton, spent months travelling over a God-forsaken and singular land: "a country turned upside down", according to one of the book's characters. This is a lively account of life in Haiti that alternately stimulates sympathy, humour and despair.

BONJOUR BLANC: A JOURNEY THROUGH HAITI
by Ian Thomson
Hutchinson £16.99, 352 pages

Haiti is at this moment in the grip of military repression. The Tonton Macoutes, the terrifying security force of the dictatorships of "Papa Doc" Duvalier and his son, have been resuming their positions of power around the island. Soldiers, having ousted the elected president, are beating, killing and arresting hundreds of people. As Thomson says: "The horror of Haiti has always been in the army."

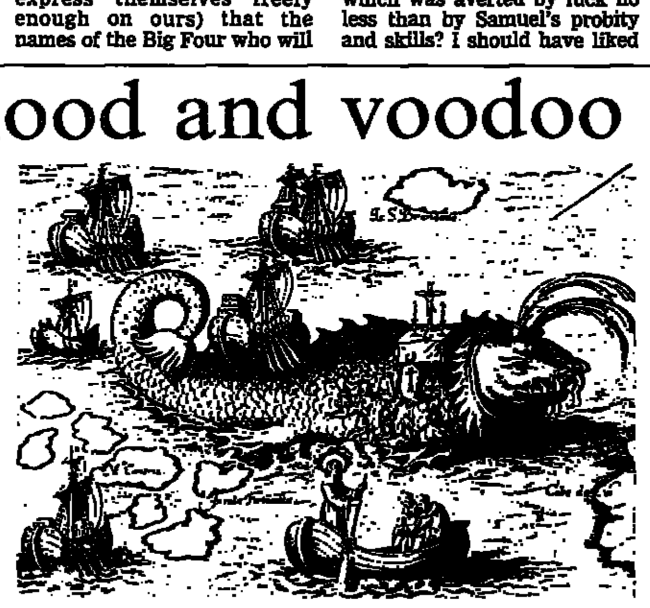
The trail of blood goes back at least to Columbus, for we know little of it before. Within 50 years of the navigator's arrival, the half million Arawak indians on the island had perished and the pre-Columbian culture had all but vanished. Columbus established in Haiti the first European settlement in the New World, 500 years ago this year. When he returned 11 months later, the settlement had been razed and his men killed. Columbus described a land of spices and cotton, mastic and aloes and "a thousand other things of value". What Thomson finds is "a vast slum floating a few hundred miles off Florida, the poorest nation in the western hemisphere."

When independence was declared from Napoleon's France on New Year's Day 1804, Haiti became the first black republic: in today's parlance, the first third world country. Napoleon himself had cruelly deceived one of its few unalloyed heroes: Toussaint L'Ouverture, who led the the slave revolt that eventually brought about independence. His life ended in a dank French gaol.

His hopes for democracy have never been realised: leader after leader used their positions to pillage the state. "Pluck the chicken as long as it does not squawk," said Haiti's first leader, Jean-Jacques Dessalines. Thomson follows fascinating trails all over the land: to the probable site of that first European settlement; on a search for the descendants of the Poles who settled part of the island and for Alexandre Dumas the Elder, the half-caste father of the author of the *Count of Monte Cristo*; to voodoo ceremonies. He talks to a *zombi*; to an ancestor of Simon Bolivar; to a sad Englishman ending his days among people who, even if they have heard of his native land, believe it to be one of the United States of America; and to many others.

This book is the fruit of no little courage and long research. If it has a fault, it is the author's apparent unwillingness to leave out a fact painstakingly gathered or an individual met along the way. There is a surfeit of italics – French, creole, Spanish, Latin – which disturbs the narrative. As a result, the book is perhaps overlong. It remains none the less an achievement; a colourful, vital book of important insight.

Stephen Fidler



St Brendan's Isle, with sea monster, taken from 'The Worlds of Christopher Columbus' by William D Phillips and Carla Rahn Phillips to be published by Cambridge University Press, £16.95

Bewilderment in eastern Europe

AS THE republics of the former Soviet Union attempt to shake off three quarters of a century of communist rule, the governments of eastern Europe are trying to create stable democratic institutions. The task is not only difficult. For those who rule, it is often lonely.

Most of the presidents or prime ministers of these countries have had no political experience. Moreover, they are presiding over societies which are trying to reconstitute politics based on checks and balances, on accountability, on the rule of law, and on a free press. But as Michael Simmons shows in his biography of President Vaclav Havel of Czechoslovakia, attempts at reconciling democratic practices with political inexperience and opportunism are easily manipulated.

THE RELUCTANT PRESIDENT: A POLITICAL LIFE OF VACLAV HAVEL
by Michael Simmons
Methuen £16.99, 229 pages

ALBANIA'S NATIONAL LIBERATION STRUGGLE: THE BITTER VICTORY
by Reginald Hibbert
Pinter Publishers £30, 269 pages

VANISHING BORDERS
by Michael Farr
Viking £15.99

Havel, perhaps all too slowly, is discovering that morality and integrity, the underlying themes of many of his plays, are not virtues shared by politicians. Since becoming president in the summer of 1990, the former playwright/philosopher has seen how the Velvet Revolution which toppled the communists from power in November 1989 has been replaced with a political creed tainted by nationalism, populism and revenge for the past.

Slovakia, which Havel has tried very hard to feel wanted by Prague, the capital of the Czech Lands, remains fertile ground for authoritarian nationalists/separatists, particularly Vladimir Meciar, the republic's former prime minister. In Prague, the rise of the right, which sees itself as the national guarantor of the new moralism, wants all those who signed any police document since 1968 to be excluded from the civil service. This could polarise Czech and Slovak society and hinder the country's road to stable democracy.

Throughout this biography, Simmons gives the impression that Havel does not really enjoy trying to bring Czechoslovakia along that road. I wonder what kind of plays and essays the reluctant president will write when he retires.

Whoever can bring Albania out of its current state of anarchy will deserve more than financial assistance from the G7 group of industrial nations. Albania is now a country beset by bandits, looters and instability. Many aid workers have recounted how their medicine trucks have been ransacked by people who are either clearly starving, or else, *pace* Harry Lime, are requisitioning these vital supplies to support themselves on the black market.

Albania, one of Europe's oldest peoples, was not always a den of thieves; nor, for that matter, was it a traditionally stable region in the Balkans, subject as it was to constant interference by the European powers, as Reginald Hibbert shows in this fascinating, if densely written, account of his months in Albania in late 1943.

Parachuted in by the Special Operations Executive (SOE) Hibbert and his colleagues, including Alan Hare, Peter Kemp, David Smiley, were supposed to continue earlier SOE missions, which started in 1941 with the aim of fermenting rebellion against Italian rule in Albania. The British assisted the Partisans, grouped under the late Enver Hoxha, just as they supported Tito's Yugoslav Partisans. But towards the end of the war British policy towards Albania became inconsistent and in the end fatal for the Albanian people.

By the end of 1944, Whitehall policy was torn between the needs of the military and SOE establishment, which was committed to defeating Germany and therefore to supporting Hoxha's Partisans, and the Foreign Office, which was then preparing to check the communist advance in eastern Europe before Nazism had been defeated. Hibbert shows how Hoxha capitalised on this dualist approach.

Vanishing Borders is a lovely guide through parts of central Europe. Farr is at his best in eastern Germany, where the shock of the vanished Wall has left, if not quite nostalgia, then a certain bewilderment about how the east Germans should deal with their history and identity, as the new united Germany approaches the millennium.

Judy Dempsey

Fiction

Family sagas through slices of history

THE CHANGING rhythms of history mark each of these novels: the colour and horror of 20th century Russia and America for Rubens and Thomas; the turnabout in social mores and morals from post-war to contemporary Britain for Bowen and Wesley. *Mother Russia* traces the fates of two families, one aristocratic, the other peasant, from the same Russian village, through war, revolution, Stalinism and glasnost. In both families, there is the revolutionary brother and the reactionary one, and their inevitable role reversals as victim and aggressor; and then the youngest children, Sasha and Anna, born on the same day in 1900 and suckled together by the peasant mother, one a poet, the other his muse, who marry across class boundaries and continue to stand for love against ideology and brutal conviction.

They live in a heightened state of terror yet hysterical hope; separated for years, they search Russia, by train, on foot, for one another; ending up at the home of protective brother Ivan, they watch him turn from revolutionary spirit to KGB torturer. Epic in conception, unflagging in moral energy, the scope of Bernice Rubens' novel commands only admiration. Old Rubens themes light up here in a new constellation: the need for faith, the effect of apocalyptic movements on individuals and families. There is her tender-rigorous prose; the purring way she enhances her shocks ("the noose laced his neck", "the rage comforted and clothed him", "a ragged regiment of thugs ... coagulated by a raving lunatic"); her ability to draw minor characters – the revolutionary idealist Pavlenkov, losing faith and weeping for his wife as he is hung, the old Jewish printer Chernov, stumbling into the hands of Tsarist police while others escape – with whom we shiver, fear, melt at the knees.

But this is a fatally uneven work. Halfway through, Rubens' grip slackens, precisely tuned detail gives way to a glib encapsulation of recent history. Climax follows climax; rape, decapitation, torture, Nazi spying and shootings occur within a few pages; parallels between families are forced; the story becomes a history lesson ("There are other causes beside the revolution. The making of poetry is one of them"). We get schematic writing instead of surprise, explanation instead of authenticity – and without a setting which is the very essence of the tale, which feels as deeply and instantly Russian as Nadine Gordimer's novels are South African or Bashevis Singer's Polish, *Mother Russia* ceases to be a serious historical novel and ends an upmarket blockbuster.

John Bowen's *The Precious Gift* is a thriller which is that and much more. Sarah, a young mother in retreat from London, finds the skeleton of a pregnant woman in her Warwickshire garden. If this was murder, it happened 40 years ago and the police give it a low priority, but Sarah becomes obsessed with the victim, and in playing detective she unleashes a small torrent of fear, resentment and panicky concealment in the local village.

MOTHER RUSSIA
by Bernice Rubens
Chapmans £14.99, 443 pages

THE PRECIOUS GIFT
by John Bowen
Sinclair-Stevenson £14.95, 188 pages

A DUBIOUS LEGACY
by Mary Wesley
Bantam Prress £14.99, 270 pages

FLYING INTO LOVE
by D M Thomas
Bloomsbury £14.99, 261 pages

As in Bowen's last novel, *Fighting Back*, sudden rural violence is seamlessly incorporated into what appears to be a quiet story of English village life. The mood, crossing social realism and class satire with *film noir* and a touch of *Arsenic and Old Lace*, is all Bowen's own; the language is deadpan, authoritative, stylish. A psychologist as acute on the frustrated schoolteacher and vicar's wife of the 1940s as on the 1990s desperate professional or yuppy housewife, he manages to sketch alliances across half a century without ever letting characters degenerate into mere types. Fulfilment, independence, the imaginative versus the actual life, women's roles and options are his wider themes, sensitively handled and with always a hint that dark fantasies – any character's wildest dreams – could just tip over into the reality of murder.

Horror in Mary Wesley's novels is of the comfortable Gothic sort: here a mad wife causes havoc from the bedroom of a country mansion and an eccentric cockatoo troubles guests at dinner. *A Dubious Legacy* is the story of wealthy Henry, who has inherited house, spouse and bird, and his relationship from the 1950s to the 1980s with his friends' wives Antonia and Barbara, as they grow over the decades from innocence to worldliness. Ms Wesley breezes along with customary grace and nonchalance, sniping maliciously at her characters while giving them a more or less good time, chuckling in the face of disaster, smartening up a skimpy plot with comic turns or a spot of torture for the wretched cockatoo whenever predictability threatens to settle in.

Ms Wesley belongs to the stiff upper lip school of fiction; her chin only wobbles at the thought of all those weekend extravaganzas and Chelsea afternoons that peal like bells through her pages. Her hero Henry tries to recreate his parents' pre-war lifestyle; Ms Wesley seems to me to yearn for the guileful elegance of Coward or Maugham and to reconstitute set-piece English marital comedy in a near-contemporary environment: brittle, amusing but seldom staying in the mind.

Finally, back to international history and D.M. Thomas's look at Kennedy's assassination through the dreams and reveries of a nun who has shaken hands with him, of Lee Harvey Oswald, and of JFK himself. Ten thousand dreams a night, a Dallas psychologist tells Sister Agnes in *Flying Into Love*, are dreamt about Kennedy's murder. Thomas, slicing in and out of a Texas convent and the triple underpass in Dealy Plaza through which Kennedy's motorcade dashed to hospital, shunting between 1963 and 1992, tries to create a meaningful mélange of these illusions and fantasies, but the result is a messy pudding of aimless episodes and overblown dramas. *Flying Into Love* has neither narrative power nor a particularised vision; Thomas's skill as a vivid scene-maker sometimes shines through, but here his energy is wasted in empty showmanship.

Jackie Wullschlager

Strange obsessions

IN THE hippy heyday, footloose families were found in odd places and Esther Freud's autobiographical first novel, *Hideous Kinky*, tells the story of one of them. A five-year-old girl is whisked off from London to Marrakesh and, as five-year-olds will, more or less comes to terms with the exotic. She does squirm, though, when Mum buys a prayer mat and squats down to pray in public, and wishes she could adopt any one of Mum's lovers as a father, particularly the street acrobat Bilal, who tries to train her as a small fellow performer. Money troubles and itchy feet at last take them home to London.

Briskly written in short sentences, it makes an easy read, deftly implying, never stating, dismay or disapproval and as sweet in its portrait of the child as the tender drawing on the jacket by the author's father, Lucian Freud. Too sweet? Almost but not quite. Humour saves it, and the dottiness of events. What seems technically a bit askew is the eye-level of the narrative, which seems to imply a five-year-old's stature but is far above the eye-level and vocabulary of any five-year-old I know. An attractive debut, all the same.

To suggest that the horrors of the Holocaust are trivialised in *Eve's Tattoo* may seem an insult to a writer as good as Emily Prager. That she feels them with passion is clear, and that she has researched things deeply. One is as appalled as her fictional listeners to hear, over and over, stories of what women in Nazi Germay suffered. But the settings for her telling of them are too glitzy, and the coincidences and coups de théâtre too blatant. The brilliant author of *A Visit from the Footbinder* still shows her gifts but has picked an impossible format.

Eve, New York columnist with a dazzlingly attractive French lover she adores, has her arm tattooed with the number of a woman in Auschwitz whose photograph she has seen: thus she hopes to keep her memory alive. Thereafter, whenever anyone notices the number, she says it belonged to a woman called Eva, who had such-and-such a background and final, terrible end: each time, a new tale. These stories are presumably true of someone, but not of the woman in the photograph. Nor was she called Eva. She turns out to have been a rabid Nazi, suitably named Leni.

HIDEOUS KINKY
by Esther Freud
Hamish Hamilton £14.99, 186 pages

EVE'S TATTOO
by Emily Prager
Chatto & Windus £8.99, 194 pages

LOVE AND EMPIRE
by Erik Orsenna
Cape £15.99, 487 pages

Charles, the lover, has left Eve in horror. A Catholic, he appears in Eve's fantasies as a Vatican cardinal. But, she realises from his reaction to the tattoo, he is also Jewish, and with a wartime secret too shameful to share. While she wears the tattoo he cannot touch her. So (lucky Eve, who need make no decision about it), a convenient street accident involves an operation on her arm, during which the tattoo is removed.

Even in fiction, fact and invention should be defined and respected. *Eve's Tattoo* has moments of a kind of double-talk: literary, even philosophical devices to suggest ambiguity and duality. Much harder to take is the straight telling of tales as if they were fact, and belonged to a particular woman. Perhaps they did, perhaps not: it gnaws at belief to know that their teller doesn't say.

Gabriel García Márquez has a lot to answer for. Anyone who writes a long unclassifiable novel with oddities of time, place and viewpoint, with unconventional swirls of tense and syntax and visits a tropical rainforest, suggests his name. Certainly the blurb of *Love and Empire* does.

A fictional Gabriel, mysteriously given the same surname Orsenna as his creator, small, fat, a quarter Mexican and the rest French, everlastingly shifting from first to third person, deals with the concerns and surroundings rather than the facts or sequence of his own life. A series of vignettes, ironically connected, takes him from 1882 to the 1950s, with chance and passion plaiting events into a kind of pattern, and the century's history looming over all, though he claims to be free of it. The tone is gently amused, tender and idiosyncratic, particularly about family relationships (Gabriel is with the grandmother and father who brought him up after his mother not surprisingly bolted); and there are excursions into motor racing, sex and books, South America, sea voyages, and Gabriel's lifelong devotion to a pair of English sisters.

Jokey interjections and even documents about this and that inserted here and there make it seem like artfully chaotic jottings rather than narrative. There is much in the detail to recommend it, good dialogue, quirky interest, a lively translation (by Jeremy Leggatt) and (for Londoners) a good deal of accurate observation in London. But the power and originality of Márquez or anything like them? No.

Isabel Quigly

'Daisy', 1990 by Sarah Raphael, currently exhibiting at Agnew's

Ambitious figures

***William Packer** admires the work of Sarah Raphael*

THE IDEA of the *wunderkind* is as irresistible as it is to be resisted. How we long for the young genius lately discovered in his attic to be already mature and working at full stretch. What allowances we make for our students when out of college on their own, and how many prizes and generous sponsorships there are to help them on. Did the rot set set in with David Hockney and his chums in the 1960s, or was that only the latest setting of the rule: that not to make it by 30 is not to make it at all? "'Tis opportune to look back on old times, and contemplate our Forefathers", said Sir Thomas Browne: "... Simplicity flies away, and iniquity comes at long strides upon us." Jealousy of the young, the "oldie" syndrome, is as old as art.

Take Sarah Raphael, for example, whose latest show of her recent paintings and drawings fills the upper gallery at Agnew's (43 Old Bond Street, until March 6) – her second here, and again a conspicuous success. She is now in her early thirties, but the success that came to her early was no less than her right.

The simple case is that she is one of the most interesting artists of her generation, a figurative artist lucky enough to emerge at a moment when the figurative was again become a legitimate preoccupation, but talented enough to deserve her luck. Her work is ambitious both in its scale and the technical and formal problems it takes on. If here certain critical doubts arise, they are a measure of the seriousness of her engagement, ever pushing her work into areas of difficulty and uncertainty.

Her large works on paper, with their exaggerated beasts and figures and their theatrical, almost nightmarish light, tread a very narrow line between merely mannered and decorative illustration of an essentially literary idea, and an image of which the justification is truly visual. The space is flattened, the view as high as a bird's, the composition laid out like a map. Her figures are at times consciously grotesque, her incidents engaging and diverting. *Will those naughty boys who run in step ever catch their squirrel? Who is that on the grass by the netting, watching, waiting, hoping to escape? And where on earth is that strange landscape, described with such febrile clarity, at once familiar and quite other-worldly?*

And yet Miss Raphael gets away with it, convincing us that her other world of the imagination is known and real enough. She does so in two quite contradictory ways. The very scale on which she sets these larger imaginative compositions, and the materials she chooses – acrylic paint or graphite on huge sheets of paper – together present her with real technical difficulties. To sustain any imagery across such a surface when the mark is so much more limited and small, and the surface itself, whether painted or drawn, inclined to be flat and uninflected, is difficulty enough.

This self-imposed material wrestling reminds us constantly that painting and drawing are physical activities: the work is no figment of the imagination, a mere description of something else, but an object to be realised and understood for what it is. So the realisation comes through that the work is closely based in direct and intense observation of the model and the particular landscape. The small landscape studies in oil on scraps of canvas, done on the spot, are as powerful in their presence as any of the larger, ostensibly more ambitious works. Who knows where they *might* lead?

It is, too, in the nature of oil paint, as opposed to acrylic which seals itself off within its own surface in a matter of minutes, to remain active longer, the engagement so much more physical and direct. It is Miss Raphael's chosen medium for the mass of tiny portraits of her friends, heads and seated figures alike all cast onto scraps of used canvas, with their own internal histories. They reveal that she is as good a painter of the portrait study from life as any artist – certainly in her generation, which seems hardly to know the meaning of objective observation. They are the fruit of long, close scrutiny and an ever-growing understanding of what is seen, to be rendered in paint on canvas. For me they are the most beautiful, as they are the most exciting works in the show.

Competing in a cold climate

THE BBC is hopping into bed with businessmen with increasing frequency these days. It has yet to tempt anyone with its Proms – the £5m sponsorship price tag, and strict controls on the type of client it wants and what it will permit them to do, has stalled that one – but BBC Wales has found a buyer for its top arts programme, the Cardiff Singer of the World Competition.

BP is putting up almost £300,000 to link itself with the 1993 competition and is also committed for 1995, with an option on 1997. With Lloyds Bank backing the Young Musician of the Year contest with £1.3m, the BBC has now found partners for two of its trio of prestige musical events.

But if the BBC, under Government prodding, is forced to look towards business for extra funding, so business is getting more hard headed about sponsorship. Falling profits, mass redundancies, and carping investors have brought an end to the days when companies joyfully proclaimed their desire to return something to the community.

Given its current difficulties it is not surprising that BP, which spread £1m a year over a mass of good arts causes, is changing tack, concentrating a frozen budget on fewer but bigger sponsorships, and looking for links – like the Singer of the World Competition – which guarantee media coverage and corporate branding.

Unfortunately the first casualty of rationalisation has been another singing competition, the Aldeburgh based Peter Pears, which, thanks to £80,000 sponsorship from BP, had enhanced the careers of young singers of lieder and opera in the mould of Pears. Last year's winner, Anne-Christine Göransson, was reckoned a great find and there are high expectations for part of her prize, a Purcell Room concert on March 3.

There may be stronger singing in the Valleys, but Aldeburgh is numbed as it seeks a new sponsor for its competition in a cold climate.

★

The recession, and the subsequent fall in land values, has, in theory, impoverished many owners of great houses and wide acres. When the recession combines with an unexpected death, theory can become painful fact. This has happened at Luton Hoo, the magnificent Robert Adam home which was stacked with treasures by the late Sir Harold Wernher, following the tragic death last year of his grandson and heir, Nicholas Phillips.

The silence which descended on the property as the family contemplated the tax bill and business debts is slowly lifting. Intense discussions are underway with Christie's over what must be sold and what can be saved, with the family pulled in many directions. There is a desire to save the Wernher collection, a magnificent, if eclectic, assembly of medieval ivories and bronzes, tapestries, Chinese and continental porcelain, some good Old Masters, and the Russian icons and Fabergé contributed by Sir Harold's wife Zia, a niece of the last Czar.

So far only one work of art has been selected for disposal, Constable's view of Harnham Bridge, Salisbury, which was first on public display at last year's Constable show at the Tate. Given the state of demand for British pictures it will probably carry an estimate of under £2m. It is doubtful whether this will be enough to see off the family's creditors.

And even if the unthinkable is considered, the disposal of Luton Hoo, there is no chance of getting a fair price for the property in the current climate unless the Government, working through the heritage bodies, offers a negotiated tax deal.

Off the
Wall
AN ARTS DIARY
By Antony Thorncroft

★

Canary Wharf, London Dockland's most blatant development, was full to capacity last Thursday: indeed it was turning potential customers away by the hundred. This is not the Olympia & York office complex, of course, but Cabot Hall, the arts centre inside the structure, which is proving a roaring success.

The attraction was jazzman Roy Ayres. An extra attraction was that, like all events at Cabot Hall, admission was free. This is posing problems for the arts director, Helen Marriage, who somehow has to balance supply and demand and the conflicting interests of Canary Wharf's 3,000 office workers – who think the events are designed for their amusement; the local residents – -who see them as one tangible benefit to emerge after the years of construction turmoil; and the visiting fans who have braved the Dockland Light Railway to get there and are in no mood to shrug and go home quietly.

There have been disappointed customers for dance, classical music, even mime events. Only contemporary music has failed to fill the 500 seat venue, although, in contrast, the current contemporary jazz season threatens to stretch the free admission policy to the limit, especially when the legendary American guitarist John Scofield plays his only British date there on March 24. For Scofield there are plans to erect a giant screen in the gardens to cope with the crush.

O & Y used the arts to stimulate interest in its big New York office development on the tip of Manhattan and it worked. It seems to be repeating the trick here. The annual cost, around £1m a year for over 100 events, is negligible compared with its investment in Canary Wharf, and for prospective tenants the sight of people excitedly milling around is an unanticipated tonic.

★

Few queues meanwhile in the West End where *Phantom* and *Joseph* are the only shows hard of access. Even so, compared with the economic state of the nation, the theatre did not do at all badly last year. Almost 11m people took in a West End performance, just 3.7 per cent down on the record 1990.

The most encouraging feature was the build up in audiences during the year. Attendances were 7 per cent down in the summer but by November the fall was only 3 per cent and in the month before Christmas they were actually 12 per cent higher than in 1990. The revival has continued into the New Year.

Of course the fact that over half the theatres open were showing escapist musicals, an unprecedented proportion, accounts for much of the success. By the end of the year musicals were doing 7 per cent better box office business than in 1990 although, because of the flood of new cabaret style product, the overall audience had fallen from 83 per cent of capacity to 76 per cent. So if you want to take in a show tonight it might not be impossible to get tickets.

In contrast Broadway is in deep depression. In the second week in January, with the holiday celebrations over, four shows closed and box office receipts fell by almost 30 per cent. Like London, New York is looking towards musicals, especially old musicals, to save the day. *Crazy for You*, a reworking of Gershwin's *Girl Crazy*, has just opened and *Guys and Dolls* and *Man of La Mancha* are about to.

Records

A quartet of quartets

BY THE very nature of the discipline chamber music tends not to draw attention to itself. This is never likely to become a world of punk haircuts, odd socks and football rattles, even if one could put together a quartet of Nigel Kennedys – an improbable proposition.

Nevertheless, its horizons are broadening. Even in the wintry conditions that obtain in the depths of a recession there is no lack of opportunity for musicians to get their performances on record these days. The blossoming of record company contracts in the boom years has provided chances all round and even young chamber ensembles find they are being seized first by one company and then another.

In the circumstances it cannot be easy for newcomers to carve a niche for themselves, which may explain why EMI's promotions department has been working overtime for its new chamber group, the Britten Quartet. The quartet is young, but not inexperienced on the recital platform. It has also made recordings previously for another company. But here its members are, posing like four Humphrey Bogarts in long raincoats with their collars up, while one of their discs comes with a cartoon on the cover. They say that they hope that will appeal to a younger audience.

These first two of the group's EMI releases display a fine range of technical virtues, as anticipated, although each is on the careful side. The main work on the Schubert disc is "Death and the Maiden", D.810, (with cover design depicting skeletal Death leering over a Hollywood blonde.) The playing is well groomed all round, but needs more pace and tension if it is to force the demon within this music out into the open. The finale goes best, with real drive.

On the second disc the performance of the Ravel Quartet is too docile to compare with the best. Something tauter is required for this intellectually sharp composer. The good idea is the coupling, which makes the link between the inimitably French Ravel and his pupil Vaughan Williams, represented by his G Minor String Quartet and the song-cycle *On Wenlock Edge* with pianist Howard Shelley. Philip Langridge, the guest tenor, brings drama as well as pastoral delicacy to his part.

The sound which EMI has given the Brittens, while nicely intimate as befits the group, does not encourage vibrancy of colour. Even so, I prefer it to the close balance provided by Decca for the Takács Quartet. This is an ensemble which we have had ample opportunity to hear in London and it is difficult to reconcile the wiry, strained sounds on show here with its usual tonal poise.

The Dvořák disc, including the "American" Quartet and the A Flat, Op.105, is the better of the two, as it captures some of the affectionate lyrical warmth for which the Takács is known live. The Brahms is an altogether more strenuous affair and it is wearing to have such tempestuous readings of the Op.67 Quartet and the Piano Quintet, Op.34 (with András Schiff joining in the rough and tumble) thrust so close to the microphones. One thinks back wistfully to the stylish contributions the group made to last year's Mozart festivities at the Barbican.

Britten Quartet. *Schubert:* EMI CDC 754345-2. *Ravel/Vaughan Williams:* EMI CDC 754346-2
Takács String Quartet. *Dvořák:* Decca 430 077-2. *Brahms:* Decca 430 529-2
Emerson String Quartet. *Mozart:* DG 431 797-2 (three CDs)
Borodin String Quartet. *Shostakovich:* Virgin VC 7 91437-2. *Schubert:* Virgin VC 7 91447-2.

Meanwhile, on the South Bank it was the Emerson String Quartet that was assigned the chamber music offering on the bicentenary day and by coincidence it has just completed the set of Mozart's six "Haydn" quartets which it began recording a couple of years ago. This is a high quality ensemble and the standard of its Mozart at the Royal Festival Hall invited further investigation.

Heard here in more intimate conditions at home, in close-up as it were, everything sounds just as impressively well detailed as it did then. The delivery of rhythms is as cleanly cut, the textures admit no minor blemish. But a degree of insistence has crept in, as though the players could not quite bring themselves to give up the aggressive instincts that have given them so brilliant and tenacious a hold on the 20th-century repertoire. In the end one wants them to relax more and let the music sing.

And it is for that quality, among others, that I would turn to the final quartet in this survey. The Borodin String Quartet is now well advanced in its series of recordings for Virgin and has started on its new Shostakovich cycle with Quartets Nos 3, 7 and 8. What depth of understanding there is here. It may be that the physical shock of the music no longer hits home with this quartet as it did the first time, but in its place has matured a rare expressiveness.

The players simply get more music out of the notes on the page than do most of their rivals and the reward per minute is golden, as it is no less on their other new disc, devoted to Schubert with a moving account of the A Minor "Rosamunde" Quartet. By chance that is coupled with the early E Flat Major, D.87, which is also on the Britten Quartet's Schubert disc mentioned earlier. But there are no surprises: it is the Borodins who make the music sparkle.

By the way, seeing that cover of Death and the Hollywood blonde again, I have decided that it would actually put me off buying the disc. Either the marketing people are wrong or I am not as young as I used to be.

Richard Fairman

GARDENING/PROPERTY

Sow now for a shoestring spring

Robin Lane Fox highlights the pick of the perennials as he prepares to take the plunge

BEFORE LONG, better weather ought to have caused gardeners' sap to rise: act now while enthusiasm is fresh and strike an economic blow for a better garden on a shoestring. Seeds are no longer as cheap as they were and, admittedly, I sometimes grow them for the hell of it, just to see if I can make them come up. It is no longer time to postpone the plunge, but the first seeds to go in are not the most obvious.

It is still too early to be sowing tobacco plants, cosmos daisies and all the mainstays of summer bedding which grow quickly and will be too far advanced if started before March. Perennial flowers are another matter.

Among these early sowers, I am casting my net more widely and am being prompt with less-familiar perennials which ought to flower from July onwards. Geraniums are obvious candidates, especially now that so many colours have been selected and bred for seed-raising: even for amateurs, cuttings are almost a matter of the past.

I leave most of the geraniums to others, but carnations are another matter. Not long ago, I was editing Vita Sackville-West's old gardening columns when I was carried away by her description of the Chabaud strain of carnation. Their colours, she felt, had the quality of a Van Gogh painting – I remember that she described some of them as *bistre*. On the spur of a good read, I tried to grow my own, but started too late. From a sowing in mid-March, I had none of her fancies, no *bistred* beauties or blooms of old blood-red. The wretched plants never flowered at all.

Once bitten, never shy: you know the gardening instinct. So, this year I am starting Chabaud carnations from seed in the first week of February. Somewhere in Britain, people must still grow them happily because garden centres stock them on open shelves in their standard ranges of seed from Suttons or Thompson and Morgan. The seed will germinate in the usual amateur's pot, filled with a standard seed compost and covered with a tight stretch of cling-film to retain the heat and sweat.

Chabaud carnations like heat in order to spring into growth. They will germinate in a warm cupboard, below the spare bath towels, if you remember to retrieve them and roll back the cling-film at the first signs of emergent shoots.

My other early sowings will owe much to the tremendous seed list of Chiltern Seeds in Cumbria, north-west England. Seeds and catalogues are available by 'phone and credit card round the clock on 0229-581-137. This year's catalogue is the company's 17th and is bigger than ever. Early sowers can have a field day in it, but I would direct you to three of my successes from

1991: two whites and a blue which is now available in a new, exciting form. If you sow them at once, they will flower later this summer and ought to last for several years.

The two whites are valerian and Gaura Lindheimeri. White valerian is a floppy plant but it is wonderfully elegant against its green-grey stems. Most seedsmen sell only mixtures in which a few whites are confused with the dull pink forms, but Chiltern Seeds has joined the small list of segregating stockists (of which Butchers of Shirley, near Croydon, south London, is another). The Snowcloud variety is a truly white valerian which is willing to flower in its first season if sown within the next week or so. In good soil, it might even reach 4 ft.

Here, it would equal the Gaura, my white companion. At home, these flowers are wild in Texas, but anyone can raise them by the dozen from a seed packet, even if they neglect them as badly as I sometimes have after sowing. They give you masses of white flowers like a willow herb which is flushed with a touch of deep pink, and they appear at a late season and height which borders need badly.

Successes are good for morale and, in 1991, my happiest successes were with Chiltern Seeds' several varieties of balloon flower. Their formal name is Platycodon, and I first learnt to love them in botanical gardens. Their huge, balloon-buds ask to be popped open like large, angular campanulas. They have an awkward habit of disappearing below ground after flowering in August and appearing again rather late in spring. Nonetheless, they are marvellous performers in open soil.

All the forms are good, but this year we have a new F1 hybrid which sounds sensational. It is said to flower in its first year if sown early and reaches only about 6 in – perfect for pots. It will grow and improve in later years, surviving the winter so long as you do not dig it up by mistake when dormant. Anyone can raise it from seed as easily as dreary old marigolds.

Its name is Sentimental Blue, which sounds wonderfully soft-hearted. Dozens of plants will come up from a packet at only £1.35: nurseries would charge you £1.80 for a single plant. Plan for your own blue balloon show and catch the sentimental mood by sowing as soon as you can.

In praise of the common camellia

Arthur Hellyer on the development of a popular flowering shrub

IN THE great acid-soil gardens of Britain, camellias usually are grown side by side with rhododendrons, and these two families of flowering shrubs often are spoken of together; but their differences are at least as notable as their similarities. Both share a dislike for alkaline soils (which, in Britain, means for limestone and chalk).

There are many more wild species of rhododendron than of camellia and a great many of the rhododendrons have been brought into cultivation, which means there is a much greater range of types, flower colours and shapes, and foliage types from which to choose. From a practical point of view, only five camellia species and their hybrids are available at all readily, and their flower colours range from white and palest pink to deep crimson, with various combinations of these.

Yellow exists in the family and might one day be available to gardeners, perhaps maybe with intermediate colours such as orange and apricot, but this still seems a long way off.

Camellias tolerate drought much better than most rhododendrons, which can suffer severely in dry summers when camellias, growing side by side with them, continue to look green and content. Their excellent foliage is one of their best qualities.

By far the most common camellias in Britain are descended directly from C. japonica and hybrids between it and C. saluenensis; these common camellias are known collectively as C. williamsii. Japonica was introduced as long ago as 1739 although its varieties long were grown almost exclusively under glass (or, at least, with winter protection) as all were believed to be tender.

The williamsii hybrids have never suffered from this mistake for they have been made only since the 1930s, and for 20 years after that they were grown mainly by specialists. But once they became available widely, they soared in popularity.

One of the first of the williamsii camellias to appear was named Donation and today, I believe, it has the largest sales of any camellia. All these hybrids differ from the old japonica varieties in having narrower leaves, more slender stems and the ability either to drop their faded flowers or to allow them to be brushed off easily, leaving the bush looking clean and tidy. A great deal of present-day camellia breeding is centred on this group of hybrids.

The williamsii varieties have another advantage that is not often mentioned. They are more tolerant of long days and short nights than the japonicas and so are likely to flower well even in the more northerly parts of Scotland because they continue to produce flower buds even when the nights are very short and the days very long.

Camellia reticulator has the largest flowers of any species and Captain Rawes has semi-double flowers which are even more spectacular. But this wonderful plant is seen much too rarely except in the gardens of specialists, and is available from only a few nurseries such as Hilliers at Ampfield, near Romsey, Hampshire; Trewidden Estate, Trewidden Gardens, Penzance, Cornwall; and James Trehane and Sons, Stapehill Road, Hampreston, Wimborne, Dorset. The reasons for this scarcity are that it is a little tender and can occupy a lot of space – up to tree size in the mild Cornish gardens.

There is also a hybrid between C. reticulator, Captain Rawes and williamsii, named Leonard Messell. It also has very large, rose-pink flowers and is fairly hardy. It is certainly easier to buy and can sometimes be picked up in garden centres. Another species is sasanqua, which has the useful habit of flowering in October and November. The plant is hardy but its varieties need to be given a sheltered place or grown in a conservatory (which need not be heated).

The flowers of the wild plant are pink and white like large, single dog roses, but there are garden varieties which give a selection of colours from white to deep rose. All are said to tolerate lime better than other camellias. This is another species which must be sought from specialist nurseries, such as Trehane and Trewidden.

An attractive and unusual camellia with a very long flowering season is Cornish Snow. It is a hybrid between saluenensis and a species named cuspidata, and it has innumerable small, single white flowers which go on and on.

Even today, after all the intensive breeding of the past 40 years, there are still more varieties and a greater range of flower colours and forms among the japonica varieties than in any other race. But the williamsii varieties are overhauling them fast as a great range of flower shapes and colours is produced.

Confusion in the country

John Brennan on the uncertainties hitting the market for period houses

A DEGREE of anarchy has spread across the shires as the owners of period properties run into a problem: the absence of a single national country-house market.

Each urban area can have enough property stock and activity to produce, at the least, a plausible set of comparables. Not so country homes; the only former vicarage in the village, or its sole Georgian manor, has no direct equivalent to which the owner, agent or prospective buyer can turn for an up-to-date market rate. The result is a riot of unrelated asking prices.

Country agents normally get around the problem by making it their business to know what is available county-wide. Regional knowledge can then be applied to each sale. Owners can be shown similar properties that have sold at one price level and failed to sell at another. But, in the aftermath of the roller-coaster price pattern of the past few years, that flow of information has been disrupted. News of sales activity has been both patchy and uncertain.

Country home-owners have been staying put because of the uncertainties. Inevitably, therefore, a higher-than-average proportion of country-house sales has been special cases where owners have had compelling reasons to move. Price comparisons drawn from those sales do reflect present levels – but they are not levels in which many other prospective vendors are interested.

The shelves full of glossy magazines carrying country-house sale advertisements can no longer be relied upon to give an accurate flavour of values. Advertised asking prices may represent good, moderate or bad value – depending on whether the vendor has listened to the sales agent's advice or the other way around. There is no sure way of telling.

In this period of sales blight, Savills' prime country residential property index comes into its own. Because notional valuations are made on an unchanging base of 600 period country properties, the index is not affected as badly by the lack of actual sales evidence as are price guides based on sales or mortgage advances.

Taking 1979 as a starting point, and the 100 base for the index, Savills had recorded a doubling of country-house values by the mid-1980s and a further doubling between 1985-89. Subsequent reductions have seen the index fall from a three-year-old peak of 447.6 to 351.4. That is a 21.5 per cent drop in values nationally – and a reduction of more than 25 per cent in the notional re-sale value of a country house in the home counties.

Savills recalls that demand for energy-hungry country houses was at a low ebb in the 1970s but that "the 1980s was the decade of the country house." A mix of rising incomes, easy access to loan finance and new wealth released by company flotations, plus the "nostalgia boom" and its associated desire for country living, "conspired to create the perfect environment for country-house sales."

What of the 1990s? Savills' index, plus clear anecdotal evidence from country property agencies, suggests a market that is far more cost-conscious and will remain so in the foreseeable future.

Quality of property is a major element. Savills' Yolande Barnes notes "a marked polarisation, with properties that are in very good condition attracting such interest as there is in the market. Anything that has anything remotely wrong with it ... no-one wants to know."

While a division of the market by size is less easy to prove, it is accepted as a fact by country agencies. The grand, "trophy" properties, bought in the 1980s to display what often was new wealth, are fast becoming an embarrassment to agents. Million-plus country homes became commonplace at the end of the 1980s; they are a much rarer breed now.

There is a similar return to values based on accommodation, rather than image, all down the country-house price scales. No-one is trading up. If the runes for the 1990s are being read correctly, few people will want to trade up in the foreseeable future, either.

That leaves the higher-priced "status" houses out on a limb but does not suggest any long-term lack of buying interest in more modest, family-scale country properties. Buyers in the 1990s can get the lifestyle they want, cheaper and as easily, in a five-bedroom house as in a 10-bedder with stone lions on the gateposts.

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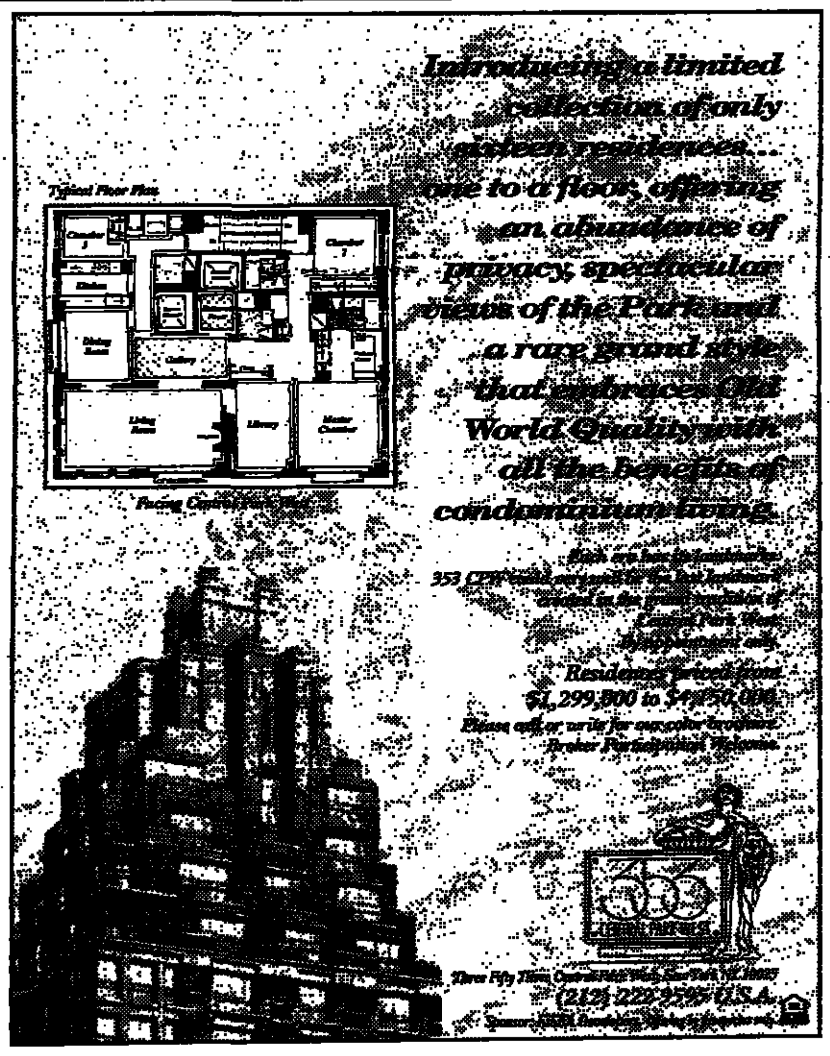

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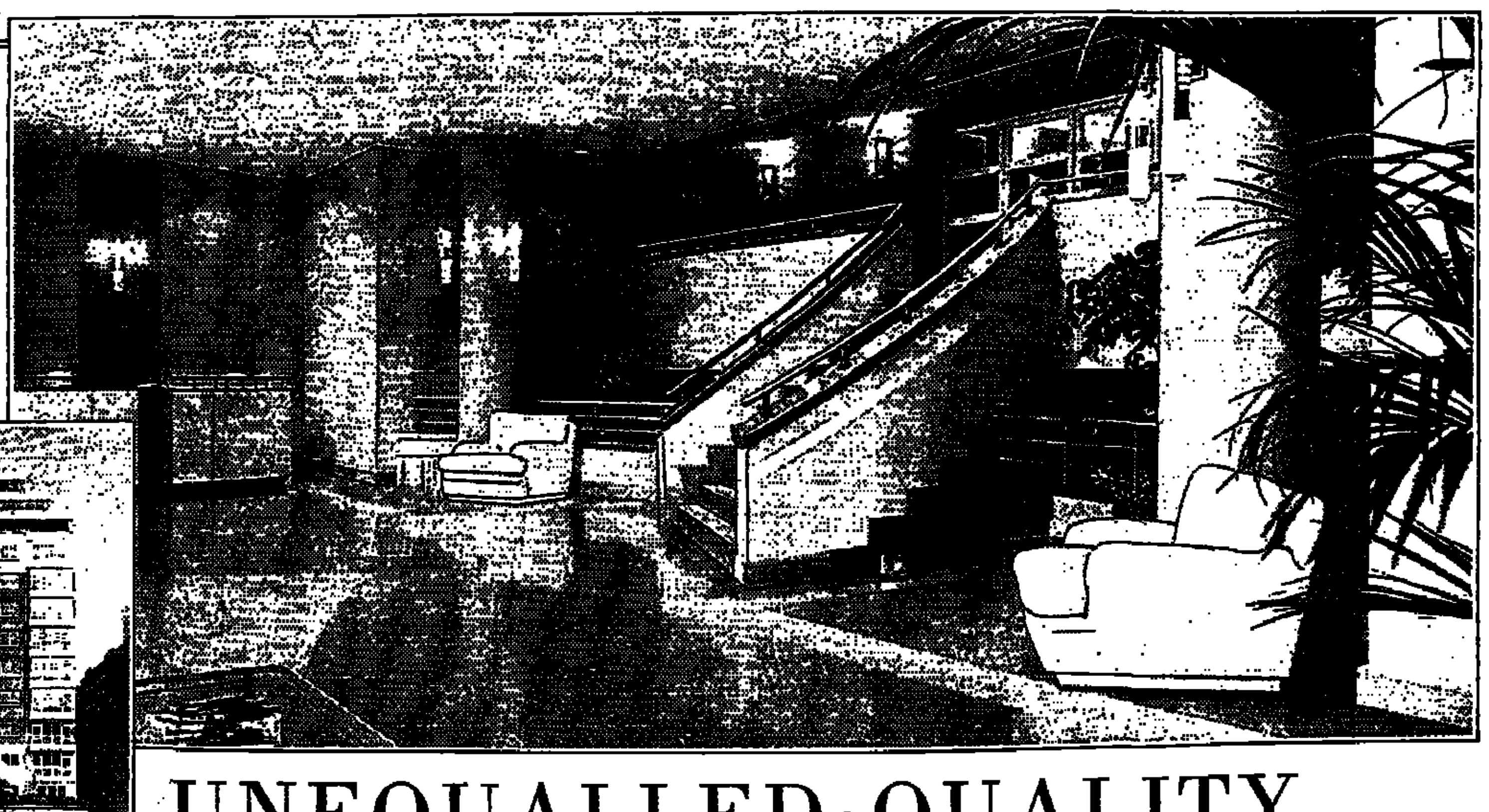

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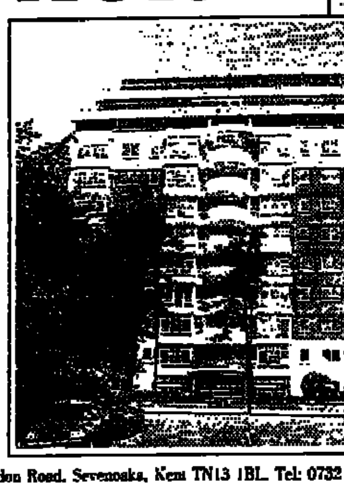

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Alfred Molina and Frances Barber in Richard Eyre's production of Tennessee Williams's play

Alastair Muir

A handsome 'Iguana' casts its symbolic spell

***Malcolm Rutherford** on the new production at the National*

AN IGUANA is a large tropical American lizard which, when captured, is tethered by a long rope so that it has the illusion of freedom, but can never quite escape unless someone releases it. I think I caught a glimpse of a real live iguana somewhere below the boards at the Lyttelton on Thursday – from the stalls it is hard to be certain – but no matter: the symbolism is quite enough.

The Night of the Iguana was Tennessee Williams's last successful play. First performed in New York in 1961, when it opened in London in 1965 it also struck me as perhaps his best. It looks even better in Richard Eyre's marvellous new production at the National.

Here one must be careful. When it pulls out all the stops, the NT can make almost anything look good, and many are the people who have allowed the technical brilliance of the production to inflate their view of the play. That does not apply to *Iguana*, which is a piece entirely worthy of the NT's resources.

Although the play has its imperfections – notably characters who wander in, then disappear – it is superbly theatrical throughout. *Iguana* deploys the twin virtues of wit and pathos to the full. Some of it is very funny: a scene, for example, where a drinks trolley is shoved backwards and forwards across the stage at accelerating pace, and a limerick which ends: "Women are fine, and sheep are divine, But iguanas are – Numero Uno".

There is, too, a wonderful series of vignettes of a group of very blond, very fat, totally unrepentant German Nazis staying as tourists at the none-too-good hotel on the Mexican coast. Inessential to the plot perhaps, but splendid comic relief.

Ultimately, of course, it is the pathos that counts. The Reverend Shannon, played by Alfred Molina, is a disbarred priest who is reduced to conducting parties of women on bus tours through the more exotic parts of the world. In Mexico he revisits an old flame, Maxine, just widowed, who runs the hotel. Also arriving in the hotel are a 97-year-old American minor poet, accompanied by his grand-daughter and portraitist, Hannah.

The dialogue between Shannon and Hannah is at the heart of the play: he sexually promiscuous and trying to stay off the drink while thinking about returning to the church; she sexually almost untouched, but wonderfully east coast educated and preferring an oriental form of tea. The iguana is the symbol in the background, emphasising the fine line between captivity and freedom.

The performance by Eileen Atkins is the finest that I ever ever seen from this actress, which is saying something. Whenever she speaks, and she tends to speak quietly, she commands the stage totally. In tribute to Williams, she also has very good lines. Take, for instance, her long account of an experience with an Australian property developer in Raffles Hotel, Singapore and afterwards in the Straits of Malacca.

Iguana is worth seeing for that performance alone. It will be a long time before it is matched. Being the National Theatre at its best, however, there is much more besides. If she were not playing in a smaller part alongside Ms Atkins, one would be tempted to give the same praise to Frances Barber as Maxine. As it is, she excels in what becomes a secondary role.

The set, designed by Bob Crowley, is magnificent. If you want to see tropical rain convincingly falling on stage, here you are. Even the sound of the rain is perfect. The production is sponsored by Data General, the company that supplies the NT with its office automation systems. On all accounts, see it.

The price of Venice is eternal vigilance

ITALY WOULD be always with us, or so we thought. But in 1966 the great floods that devasted Florence and Venice alerted the civilised world to so much that, for too long, it had taken too much for granted. Out of the disaster the foreign and restoration committees, French, German, American and the rest, besides the British, were born and in time acquired a more particular focus.

By the end of the 1960s, when the immediate first-aid had been achieved, the underlying and long-term precariousness of the position of Venice was realised and, in 1971, on the initiative of Sir Ashley and Lady Clark, the British *Venice in Peril Fund* established.

Since then much has been done, much changed – and much remains the same. Venice is no longer sinking, since water for the city and hinterland no longer comes from the artesian wells beneath the lagoon; the work on the barriers across the entrance to the lagoon goes on, so that soon the city will be safe from *acqua alta* coming in from the Adriatic; and the industrial pollution of the atmosphere at last begins to moderate. But still the churches and palazzi crumble and decay, and always there is too much to be done.

The international intervention and achievement have been remarkable, not least in the competitive example and encouragement offered to the Italians themselves who, once roused to the shared task of preserving and restoring their unique treasures, have performed the lion's share. But still the political scandals and disputes continue, with the Italian money committed often as hard to grasp as the mist itself that rolls in across the water. Local political ambitions too – the theme-park mentality and vaulting ambition of such grandees as Gianni de Micheles, for example – must be watched and scotched. The price of Venice is eternal vigilance.

All this work, of the first 20 years at least, up to 1986, and setting the British involvement in the context of the national and international effort, is now documented in a fascinating exhibition that has ben touring the world. It is now at the Royal College of Art, until February 15, complete with an excellent catalogue, *Venice Restored*, £25, most beautifully published by Electa. Citalia, the Italian tourist firm, has just raised £9000 for the Fund. Please go and see the show, to read, admire, worry, and above all to contribute in however small a way.

William Packer

Radio

The KGB and all that

GORBACHEV and Yeltsin have done all they can, but in the popular mind Russia is still the land of revolution. Saturday's Classic Serial on Radio 4 is Conrad's *Under Western Eyes*, in which a St. Petersburg student, Razumov (Patrick Brennan) is unwillingly involved in politics to help his friend Haldin (Neil Roberts), who reckons he killed the President with his anarchist bomb. The adaptation by Brian Miller, rather closely condensed, moves between St. Petersburg and Geneva, where Haldin's sister is learning English. The revolution in question is not the 1917 job, however, only a less successful one in 1911, though Russian security seems as strict as it is – or was – in our own time. Tonight will see the conclusion. Alison Hindell directed.

The real KGB has been at work on Radio 5 daily from Monday to Friday, though this is only in a serial for young listeners, *Nothing Ever Happens Here* by Bill Gilham. In this, Joey, a 10-year-old American boy believes England to be a dull place before he has seen more of it than Heathrow. Before they have left the airport, his father, who is working on Star Wars, is kidnapped with his mother, and he himself is held as a hostage. He makes various brave, unsuccessful, attempts to get free, but in the end the enemy is defeated. As a sentimental touch, the agent who has been in charge of him escapes and sends him a thank-you card from Moscow.

I probably wouldn't have listened to all of this if Kerry Shale hadn't been reading it. Shale, the American actor, is cunning with voices, and in this serial he gives us American, broken English, RP, cockney and a notably effective police-constable sound that might have come from *The Bill* on television.

More seriously, he took part in Saturday's *Kaleidoscope* on Radio 4, which was about teaching actors how to speak. Here he gave Hamlet's talk to the Players, "Speak the speech, I pray you, as I pronounced it to you, trippingly on the tongue", in a variety of accents, from standard English to New York Yiddish. These decorated the programme, which, presented by Paul Allen, more earnestly concerned the matter that Shaw treated in *Pygmalion*, the effect of proper speech on one's life. We heard Patsy Rodenburg, Head of Voice at the Royal National, and Cicely Berry, who does a similar job at the RSC, and we heard Saskia Reeves of the National being polished by Andrew Wade. The most memorable observation of the programme, I thought, was Miss Rodenburg's demand, "Never tell anyone that their accent is inferior." Shaw's Professor Higgins might not have agreed.

Wings and Landings may suggest flying, but these are also features of prison architecture, and this is a sequence of six talks (Mondays on Radio 4) by John Williams, who has served nine sentences in gaol, most recently doing 12 years for armed robbery. Lately he kept a journal of his daily life (a privilege never granted to Oscar Wilde) and he makes prison sound rather friendly, with a television lounge, the chance of carpets and curtains in the cell, a budgie, and freedom to take tea and cigarettes with mates in their cells. Drugs too if you had them, and that did not seem so hard. He makes himself sound friendly, too – admittedly gay, "what I've always found most attractive about prison, male bodies" are for ever around.

There was little talk about the social effect of his or his fellow-prisoners' deeds. One of his friends had killed an old lady, but was still his friend. When television news showed a mass shooting in a village one prisoner was avid to watch it. A request for a calendar arose from desire for the 4-year-old girl in one of its pictures. It is easy to say that one doesn't know how one would react to years inside; yet many of my contemporaries were imprisoned for years by Germans, Italians or Japanese and still seem normal. Even Terry Waite does. Produced by Chris Paling, four more programmes are to follow the two I've heard, and one must hope that some kind of conclusion will be reached.

B.A. Young

Chess No 909:
1 Nxf5 Nb7 2 Kf4 Kf6(if Kg6 3 e5 dxe5+ 4 Kxe5 and Black soon has to give up N for P) 3 Nxd6! Resigns. If Nxd6 4 e5+ Ke7 5 exd6+ Kxd6 6 Ke4 with a won ending.

Down and Out

IF YOU are looking for Anglo-French collaboration in the theatre, you could hardly get a better title than this – an adaptation of George Orwell's first published book. The cooperation goes deep. *Down and Out* had its British premiere at the Salisbury Playhouse this week. It has already been shown in France at a theatre called *l'Abbatoir* in Chalon-sur-Sâone. The cast is British, but British bilingual. The same players do it largely in French when they cross the channel; the performance in Salisbury is mainly in English. The bulk of the financial support, one is told, comes from France.

Any reservations are more about the play than the principle, which is to be applauded. Orwell's *Down and Out* is very much a personal book, a mixture of description, anecdote and social comment. It does not easily lend itself to sustained drama. Still, Nigel Gearing, the writer in residence at Paines Plough, the touring company responsible, has had a commendable shot at adapting it to the stage.

The first impression is one of surprise at the size of the cast. At times, there are up to 40 people among the down-and-outs. That is a very large number for a regional theatre and even nowadays for the West End. Presumably the intention is to show the scale of the social problem.

On the other hand, having so many people tends to limit the focus on individuals. The exception is Orwell himself or, to give him his real name, Eric Blair. The acting surprise is how remarkably like Blair the actor, Andy McEwan, looks. All the nervous tension that one would expect, down to the continuous smoking of cheap cigarettes, is thrown into the part. This is a riveting performance.

Gearing, however, has made two major departures from the original text. In the book one of the reasons why Orwell finds it so difficult to get a down-and-out job in Paris is that he insists on being accompanied by a Russian called Boris. Boris is fat, lame and sounds generally off-putting. Yet in the stage version, where he is played by Jonathan Burn, Boris looks eminently employable, even as a head-waiter at the Ritz. Some of the poignancy of Orwell's personal odyssey – the sense of genuine despair – has been lost as a result of this change. Nothing really disgusting happens, which is not the case when the story is read in Orwell's prose.

The other change is to introduce the girl Kathleen, a rich Hampstead socialist, for whom Orwell partially falls and she for him, though he keeps walking out on her. One can see the point of this: it demonstrates that Orwell looks down on conventional socialism at least as much as he does on conventional capitalism. Yet the dialogue between them never really gets going.

The London scenes, specialising in such places as Salvation Army hostels, struck me as better than those in the kitchens of Paris restaurants, perhaps because this is Orwell talking to Englishmen and possibly because the cast are more at home in English parts. Directed by Anna Furse, the show stays at Salisbury till February 15 and will then tour. It will open at the Riverside Studios in Hammersmith, which seem admirably suited for it, on March 12.

Malcolm Rutherford

A royal hunch comes off

THE two-hour BBC programme documenting a year in the life of the Queen is the latest item in a public relations campaign which has been brilliantly conducted throughout the 40-year reign of Elizabeth II. Though *Elizabeth R* has none of the overt obsequiousness which has marred some royal programmes in recent years, it seems clear nevertheless that the picture it conveys is one of which the Queen thoroughly approves. Why should she not? It shows her as dedicated, hard working, devoted to her family, and occasionally funny. Confirming what the Crawfie types have always said, she seems to be most animated when dealing with dogs and horses.

No British institution has exploited television more effectively than the royal family, though "campaign" and "exploit" may over-state: this success seems to have come from hunch and instinct rather than the expensive sort of adman's operation undertaken by political parties. In 1953 Winston Churchill and the Cabinet recommended excluding television cameras from the coronation, but the young Princess Elizabeth insisted that the cameras, and thus the viewing public, be allowed right into the abbey. Thanks to her shrewd move the coronation was the first great national occasion when television attracted a bigger audience than radio.

In the following 39 years relations between Fleet Street and Buckingham Palace have ranged from bad to dreadful but, thanks partly to television's need to negotiate access for its equipment, the relationship with television has been, from the crown's point of view, excellent.

Of course a law of diminishing returns applies here as anywhere: no subsequent programme can match the novelty value of Richard Cawston's memorable 1969 documentary *Royal Family* which first took us behind the scenes of Royalty Ltd. However, this week's programme, made by Edward Mirzoeff, is not an attempt to repeat that. Apart from a holiday scene showing the Queen taking her grandchildren pony riding it concentrates almost entirely on the activities of the sovereign herself, and thus shifts the focus of media attention from the troublesome younger members of the family back to the dutiful head of state.

We see her with politicians, at a breathtakingly grand banquet for Lech Walesa in Windsor Castle, paying visits to the US and Africa, dishing out gongs, and teasing Edward Heath with the remark that he could be allowed to go to Baghdad because he was now expendable. We see the Queen run for the first time (to catch the finish of a horse race on which she wins £16) and we see her opening a little selection of the 200 or 300 letters she receives daily, though typically no one explains how the lucky few are chosen.

However gratifying for royalists, these little revelations are as nothing compared to the major insight which this programme permits. It finally proves what we have so long suspected: that the British monarchy has gone from strength to strength in the second half of the 20th century because, instead of being traditionally "aristocratic" in its outlook and attitudes, it is profoundly middle class. Watching this sturdy, bustling woman, switching efficiently from glad rags to Barbour and headscarf, countless viewers will have wondered "Who does she remind me of?" Eventually the answer will have dawned: Auntie Betty, bulwark of the WI and the church flower committee.

Christopher Dunkley

Poetry in performance

Homely and odd

NEW ZEALAND poet Lauris Edmond is in the habit of rocking back on her sturdy, high-heeled shoes and chuckling a lot. It is one of the endearing ways she has of drawing us into her intimate circle; of making us honorary citizens of her country, a place that she described on several occasions in the course of an hour-long reading at the Voice Box as "the smallest and farthest away place in the world." Small places are homely. People talk to each other.

Lauris Edmond came late to poetry. She had lived one whole life – as wife and mother – before the muse began to crave some attention, too. That was in the middle 1970s. Now, nine books later, and having won the Commonwealth Poetry Prize in 1985, she is one of New Zealand's most distinctive female voices and, at nearly 70 years old, something of a dignified elder stateswoman of the art.

And that is how she seems: assured, approachable, ready to share with us what she has found. And, for greater ease of intellectual digestion, she divided the poems that she read that evening into groups: poems that sounded "authentically New Zealand"; love poems; poems about relationships and so forth. And at the end of each little section, she would stop and ask us if we wanted to ask *her* something – anything, within reason. "I'd very much like a dialogue," she said. "Poems are like plays. They're created in part by an audience." The questions, when they came, were respectful and predictable: "Do you ever change your poems after you've written them?" Reply: "It depends . . . I like poems that appear straight off. They seem to go on knowing what they always meant." And the subject matter of these poems look the very spit of their mother: they are accessible, picturesque, gently humorous and often written more in celebration than despair – which is unusual in a 20th-century poet.

Perhaps you can do new things with a young literature.

Last week, David Constantine was reading from his *Selected Poems* in the murky, low-ceilinged basement of Islington's Market Tavern, an invitee of the Blue Nose Poets – this last fact confirmed, with teasing obliquity, by the two huge posters of clowns with red noses that were pinned to the walls. And how appropriately Dantesque a venue it seemed to be! For Constantine's poetry deals in the oddities of life – the tale of an 18th-century hermit who is hired to embellish some grandee's grotto; the story of an old man who launches himself off a roof, head stuffed full of the dream of Icarus; and another one based on a terrible experience in the life of "mad" John Clare, that peasant poet who ate grass for want of better and believed himself to have no fewer than two wives. These are odd, extravagant, fantastical poems, pieced together from fragments of learning, frequently bloody, messy, and positively nasty in their details.

But *before* he begins, Constantine, a short man with a delicate frame, sits imp-like on a low stool, leafing backwards and forwards through his book, wondering, and then wondering a little more, what to disturb us with this evening. Should he plunge in at the deep or the shallow end first? Alas, it's all the same depth. He never loses that questing, troubled look – the whites of his eyes often glare, as if suddenly caught in our headlights. He is inclined to scratch at his scalp as an aid to rumination. And then, at last, he seems to hit upon a solution, telling us, "The coherence of one person's obsessions will structure it . . ."

Yet the voice and its Salford music are mild-mannered enough, and quite as unthreatening as the rest of the candle-lit faces in that roomful of practising poets. And he reads every one of his alarming words as if it was the simplest in the language. The tempest has clearly blown itself out on the page, leaving Constantine free to feel touchingly scared (as he tells us, before he bolts out of the door) of the London Underground he might have to re-enter, if he is to catch his late train back to Oxford. "I find it very creepy," he confides.

Perhaps he should hit back at all those murderous, leering faces with a poem or two.

David Constantine's *Selected Poems* and Lauris Edmond's *New and Selected Poems* are published by Bloodaxe Books.

Michael Glover

TELEVISION

SATURDAY

BBC1

6.35 Open University. 7.25 News. 7.30 Crystal Tipps and Alistair. 7.35 Wiz Bang. 7.45 The Jetsons. 8.05 Eggs 'n' Baker. 8.35 Thundercats. 9.00 Going Live!

12.12 Weather.

12.15 Grandstand introduced by Steve Rider. 12.20 Cricket from Wellington: New Zealand v England. 12.45 Racing from Newbury: 12.50 The Arlington Premier Steeplechase Final. 1.00 News. 1.05 Winter Olympics: Live coverage of the opening ceremony from Albertville in France, with David Coleman. 1.20 Racing: 1.25 The Byrne Brothers Compton Chase. 1.35 Snooker from Wembley: The Masters semi-finals. 1.55 Racing: 2.00 The Tote Gold Trophy Handicap Hurdle. 2.10 Snooker. 2.45 Rugby League: The Challenge Cup – Leeds and St Helens. Commentary by Ray French, Ross Strudwick and Alex Murphy. 3.56 Winter Olympics. *Times may vary.*

5.50 News.

6.00 Regional News and Sport.

6.05 Noel's House Party.

6.55 Big Break. Snooker stars Allison Fisher, Willie Thorne and Steve James test their skill against the clock on behalf of contestants. Hosted by Jim Davidson.

7.25 The Paul Daniels Magic Show. John Inman joins Paul Daniels for a lesson in magic; plus from Russia, the juggling skills of Gennadi Kil.

8.10 Moon and Son. Gladys's life is threatened when she investigates a woman's death. Starring Millicent Martin and John Michie.

9.00 That's Life! Esther Rantzen, Gavin Campbell, Howard Leader and Kevin Devine are in the studio with the usual mixture of light-hearted items and serious consumer concerns. Lettitia King, a 22-year-old secretary from Warrington, makes her debut as a solo artist as one of the nine finalists in the programme's Search for a Star.

9.45 News and Sport; Weather.

10.05 Midnight Caller.

10.55 Winter Olympics '92. Desmond Lynam introduces highlights of the opening ceremony in Albertville. Plus, the latest snooker semi-final action from the Benson and Hedges Masters at Wembley Conference Centre.

1.00 Weather.

1.05 Close.

BBC2

6.40 Open University. 6.40 Reaching and Grasping. 7.05 The Albert Memorial. 7.30 James Hutton: Geologist. 7.55 Before Einstein. 8.45 The Creation of Childhood. 9.10 Disappearing Childhood. 9.35 Work and Society. 10.00 Henry IV Parts I and II: Workshop. 10.25 Instruments - Made to Measure. 10.50 Panel Painting. 11.15 Introduction to Economics. 11.40 Managing Change at Jaguar. 12.05 Business: Takeover. 12.30 Communication and Education: *Deadline Midnight Wednesday.* 12.55 Practical Conservation for Land Managers. 1.45 Valued Environments. Environmental Values. 2.35 Managing Schools: Penesett Comprehensive.

3.00 Mahabharat. (English subtitles).

3.40 Film: Southern Yankee. Comedy, set during the American Civil War, with Red Skelton as a bumbling spy infiltrating the enemy in the South. Brian Donlevy also stars (1948).

5.10 Late Again.

5.55 Snooker: The Masters. Eamonn Holmes introduces highlights of the first semi-final.

6.45 News and Sport; Weather.

7.00 Tortelier Masterclass. In the final programme of the series, Tortelier works with Sophie Harris and Richard Bamping on Debussy's Sonata in D minor. He also helps Christopher Hoyle and Oren Shevlin through his own Sonata Breve.

7.50 Fine Cut: Innocents Abroad. Amusing look at European and American stereotypes. The film, directed by Les Bank, chronicles a diverse group experiencing Europe for the first time, struggling with, and laughing about, cultural differences, and seeing historical sites and legendary cities.

9.15 Moving Pictures. Howard Schuman profiles screenwriter James Toback, asking: Where does he get his ideas? Plus, how Yugoslavian cinema is coping with the country's civil war.

10.05 Film: Exposed. An ambitious young woman falls in love with a concert violinist and is drawn into a treacherous world when she discovers her lover is intent on hunting a lethal terrorist. Premiere, starring Natassia Kinski and Rudolph Nureyev. Directed by James Toback (1983).

11.40 Film: The Big Bang. Director James Toback interviews a diverse group of people who offer thoughts on life, love, God, and death (1990).

1.00 Close.

LWT

6.00 TV Am. 9.25 Motormouth. 11.30 The ITV Chart Show. 12.30 pm The Munsters Today.

1.00 ITN News; Weather.

1.05 LWT News; Weather.

1.10 Saint and Greavsie. Including a preview of tomorrow's Rumbelows Cup semi-final, first leg. Plus, a look ahead to the FA Cup fifth round; The Day.

1.55 Ski Tips.

2.25 International Indoor Athletics from the Kelvin Hall, Glasgow, featuring Olympic 100m champion Carl Lewis, making his first UK track appearance for six years, and Evelyn Ashford, a World Cup winner at both 100m and 200m. Also due to compete are Britons Marcus Adam, John Regis, Colin Jackson and Michael Rosswess, along with international stars Merlene Ottey, Steve Lewis and Devon Morris.

4.45 Results Service.

5.00 ITN News; Weather.

5.05 LWT News; Weather.

5.15 10 Sharp! Hosted by Pat Sharp who talks to Fresh, two top model brothers who have just released their debut single, and Brian Conley, winner of the Variety Club's Most Promising Artiste Award.

5.25 Baywatch.

6.15 Barrymore.

7.00 Best of Blind Date.

8.00 Inspector Morse. The Oxford detective gets a culture shock when the search for an ex-supergrass takes him to the harsh Outback of Australia. John Thaw plays Morse, and Kevin Whately is his sidekick Lewis. Also appearing are James Grout and Con O'Neill.

10.00 ITN News; Weather.

10.15 LWT Weather.

10.20 Aspel and Company. Natalie Cole, daughter of the unforgettable Nat King Cole and an established singing star in her own right, joins in the weekly chat show together with actor Donald Pleasence and actor/comedian John Sessions.

11.05 Tour of Duty.

12.05 Get Stuffed; ITN News Headlines.

12.10 Passengers.

12.40 WCW Pro Wrestling.

1.35 Get Stuffed.

1.40 New Music; ITN News Headlines.

2.45 Bhangra Beat.

3.15 American College Football 1991.

4.15 The Hit Man and Her.

CHANNEL4

6.00 Early Morning. 9.30 Listening Eye. 10.00 The Big 8. 10.30 Film: Thanks for Everything. 11.50 Pete Smith Specialties. Have You Ever Wondered Why? Short film covering such subjects as why a boomerang returns and how many miles an elevator boy travels a day. 12.00 Get Smart. 12.30 pm The Beverly Hillbillies.

1.00 Film: I Was a Male War Bride. A French army officer tries to accompany his WAC wife back to the United States. Farce, starring Cary Grant and Ann Sheridan (1949).

3.00 Racing from Uttoxeter. Including the 3.10 Ring and Brymer Novices' Chase, 3.40 Catering Partnership Novices' Hurdle, 4.10 Singer and Friedlander Handicap Chase, and the 4.40 Ladbroke Handicap Hurdle.

5.05 Brookside.

6.30 Right to Reply. Viewer Joanne Tear reports on the success of Channel 4's new series *Gamesmaster, and talks to its presenter* Dominik Diamond and director Cameron McAllister.

7.00 A Week in Politics. Labour's Social Security spokesman, Michael Meacher talks about the party's plans for the poor. Plus, reports on Labour's intentions to make the recession a major electoral issue, and voting intentions – what influences first-time voters?

8.00 TV Heaven: Introduction. Frank Muir presents a nostalgic evening of TV shows.

8.05 At Last the 1948 Show. Innovative comedy sketches from John Cleese, Graham Chapman, Tim Brooke-Taylor, Marty Feldman and Aimi MacDonald.

8.50 Coronation Street.

10.00 Callan. Starring Edward Woodward as the cold, down-market hit man brought back from disgrace to carry out a killing for his old employers, the British Secret Service.

11.05 The Frost Programme. An interview with notorious insurance swindler Emil Savundra, who was confident that his charm on the show would sway public opinion in his favour.

11.35 Film: The Snake Pit. A young girl *has a nervous breakdown and is* sent to a mental institution. Starring Olivia de Havilland and Celeste Holm. (1948).

1.35 The Word.

2.35 Close.

REGIONS

ITV REGIONS AS LONDON EXCEPT AT THE FOLLOWING TIMES:-

ANGLIA:
12.30 Ski Tips. 1.05 Anglia News. 1.55 Dinosaurs. 5.05 Anglia News and Sport 5.15 Cartoon Time. 11.05 Up the Junction.

BORDER:
1.05 Border News. 1.55 My Secret Identity. 5.05 Border News and Weather 5.15 Cartoon Time. 11.05 Men.

CENTRAL:
12.30 The Munsters Today. 1.05 Central News 1.55 Euro Auto Challenge. 5.05 Central News 5.15 Central Sports Special – Goals Extra. 10.15 Local Weather. 11.05 The Firechasers. (1970)

CHANNEL:
1.05 Diary Dates. 1.55 Motorsport Special. 5.05 Channel News. 5.10 Puffin's Pla(i)ce.

GRAMPIAN:
12.30 Ski Tips. 1.05 Grampian Headlines 1.55 Abairi 2.15 Crann Tara. 2.45 International Indoor Athletics. 4.45 Scotsport Results. 5.05 Grampian Headlines 5.10 Criomagan. 5.15 Cuirm Cloinne. 10.15 Grampian Weather. 11.05 Matlock.

GRANADA:
12.30 Superman. 1.05 Granada News 1.55 I *Gopher You. 2.05 Rocksport. 5.05 Granada* News 5.10 Granada Goals Extra. 11.05 Men.

HTV:
12.30 Superman. 1.05 HTV News. 1.55 Soccer in the Seventies. 5.05 HTV News and Sports Results

HTV Wales as HTV except:
5.20 Cartoontime.

SCOTTISH:
12.30 NB. 1.05 Scotland Today. 1.55 The Five Kingdoms Challenge. 4.45 Scotsport Results. 5.05 Scotland Today. 5.15 Cartoon Time. 10.15 Scottish Weather. 11.05 The Young Riders.

TSW:
12.30 The South West Week. 1.05 TSW News. 1.55 National Badminton – Live. 2.50 International Indoor Athletics. 5.05 TSW News. 5.15 Gus Honeybun's Cartoon Time. 10.15 TSW Weather. 11.05 Men.

TVS:
12.30 Superman. 1.05 TVS News. 1.55 Motorsport Special. 5.05 TVS News. 5.15 Cartoon.

TYNE TEES:
12.30 My Secret Identity. 1.05 Regional News. 1.55 The Spectacular World of Guinness Records. 5.05 Northern Life – Sport Special. 5.10 Cartoon Time. 11.05 Men.

ULSTER:
12.30 Blockbusters. 1.05 Ulster Newstime 1.55 The Spectacular World of Guinness Records. 5.05 Ulster News and Sport 5.15 Cartoon Time. 11.05 Men.

YORKSHIRE:
12.30 My Secret Identity. 1.05 Calendar News. 1.55 Soccer in the Seventies. 5.05 Calendar News. 5.15 Cartoon Time. 10.15 Local Weather. 11.05 Loose Cannon.

S4C Wales as Channel 4 except:-
9.30 Jeifin. 10.00 Pro-Celebrity Golf. 11.00 Dramarama. 11.30 Travelog. 12.00 Get Smart. 6.30 Free for All. 7.00 Newyddion Nos Sadwrn. 7.25 Bechingalw. 7.55 Doctor Elen. 8.55 Desmond's. 9.25 Quizbowl. 9.55 Tocyn Tymor. 10.35 Bunny Lake Is Missing. (1965)

SUNDAY

BBC1

7.35 Open University. 7.35 The Creation of Childhood. 8.00 Disappearing Childhood. 8.25 Technology. 8.50 Playdays. 9.10 News. 9.15 Getting Through. 9.30 This is the Day. 10.00 See Hear! 10.30 Deutsch Direkt. 10.55 Advice Shop Extra!

11.00 Winter Olympic Grandstand. Live from Val d'Isere. Desmond Lynam introduces the men's downhill.

12.57 Weather for Farmers.

1.00 News; On the Record. Ian Lang, Secretary of State for Scotland, discusses the Conservative Party's plans for Scotland in the light of growing support for independence. In a film report, Michael Gove discusses the Scottish question with former Tory deputy leader Willie Whitelaw and chairman of the Scottish Conservative Party, Lord Sanderson.

2.00 EastEnders.

3.00 Columbo.

4.10 Daffy Duck.

4.25 Biteback. The BBC right-to-reply programme, with Julian Pettifer.

5.05 The Clothes Show. Jeff Banks follows the Fruit of the Loom from cotton-growing country in the US to its new spinning mill near Londonderry. Plus, Duncan Goodhew and friends model the latest swimwear for men.

5.30 Antiques Roadshow. From the Civic Hall, Stratford-upon-Avon.

6.15 Play It Safe! What to do if a child swallows something poisonous.

6.25 News.

6.40 Songs of Praise. Martyn Lewis visits hospices for the terminally ill to find out about their work.

7.15 Snooker: The Masters.

7.45 Lovejoy.

8.35 As Time Goes By.

9.05 One Foot in the Grave.

9.40 News and Weather.

9.55 Snooker: The Masters.

10.25 Everyman. One Church, One Faith, One Sex? The Church of England has not yet decided whether to ordain women, and this week the General Synod is meeting to discuss the behaviour of homosexual members of the clergy. In the light of the current Decade of Evangelism which has offended many other religions, Everyman asks if the Church can remain united.

11.05 Winter Olympics '92. Helen Rollason rounds up the day's action from Albertville.

12.20 Mahabharat. (English subtitles).

1.00 Weather.

1.05 Close.

BBC2

6.35 Open University. 6.35 Maths Methods. 7.00 Statistics. 7.25 Modelling and the Maths Cycle. 7.50 Motion and Newton's Laws. 8.15 Animal Physiology. 8.40 Instruments: Made to Measure. *9.05 Biology. 9.30 The Necessity for History.* 9.55 Measuring the Earth and the Moon. 10.20 The Clinical Psychologist. 10.45 Issues in Women's Studies. 11.10 From Child to Pupil. 11.35 Practical Conservations: Urban Habitats. 12.00 Around Westminster. 12.30 pm Cricket: The Third Test.

1.00 Winter Olympic Grandstand.

3.00 Snooker: The Masters. The Final.

5.00 Rugby Special: Northampton v Bath and Wasps v Harlequins in the Pilkington Cup Fourth Round.

6.00 Olympics Today. Highlights of the men's downhill from Val d'Isere.

6.35 The Money Programme. Tom Maddocks reports on the shake-up in Britain's postal services. He talks to private operators and to Sir Bryan Nicholson, chairman and chief executive of the Post Office, who says he runs an organisation efficient enough to withstand competition and has never been frightened of competition.

7.15 The Natural World. Underwater photographer Mike DeGruy's interest in sharks began after one tried to tear his arm from his body 13 years ago. He has since filmed sharks the world over in a personal quest to understand more about their behaviour. This film shows many examples of these fascinating creatures.

8.05 Goodbye Comrades. The first in a two-part series revisits citizens of the former Soviet Union, first filmed seven years ago, to discover how life has changed since the collapse of communism.

8.55 Trying Times.

9.25 Did You See? Jeremy Paxman is joined by journalist Ann Leslie reviewing Elizabeth R (BBC1); cartoonist Bill Tidy on The Variety Club Awards 1991 (BBC1); and Australian comedienne and writer Kathy Lette on thirtysomething (Channel 4).

10.00 Screen Two: The Lost Language of Cranes. Moving drama about a family's upheaval when their son admits he is homosexual. Brian Cox, Eileen Atkins and Angus McFadyen star.

11.30 Film: Heartbreakers. Two friends looking for creative and sexual fulfilment try to cope with the trendy Los Angeles scene. Starring Peter Coyote (1984).

1.00 Def II: Rapido.

1.35 Close.

LWT

6.00 TV-am. 9.25 Disney Club. 10.45 Link. 11.00 Morning Worship. 12.00 Encounter. 12.30 pm LWT News Weekend. 12.55 LWT Weather.

1.00 ITN News; Weather.

1.10 Walden. Brian Walden's guest is Shadow Environment Secretary Bryan Gould.

2.00 Sharp's Funday. Batman; WCW Pro Wrestling.

2.50 Dinosaurs.

3.20 The Match. Rumbelows Cup semi-final (first leg) between Nottingham Forest and Tottenham Hotspur. Elton Welsby introduces the coverage. Commentary is by Brian Moore.

5.30 Bullseye.

6.00 Animal Country. Gerald and Lee Durrell choose the winner of the *Animal Champion competition.*

6.30 ITN News; Weather.

6.35 LWT News; Weather.

6.40 Highway. Sir Harry Secombe visits one of the most beautiful parishes on the west coast of Scotland.

7.15 You've Been Framed!

7.45 The Darling Buds of May. Part one of a two-part story. Charley is jealous when a young blond stranger comes calling. The children adore him, Mariette seems to fancy him, and even Ma has a twinkle in her eye. David Jason and Pam Ferris star.

8.45 Maigret. First of a six-part detective drama, based on the novels of Georges Simenon, written by Alan Plater. Starring Michael Gambon and Cheryl Campbell.

10.15 ITN News; Weather.

10.30 LWT Weather.

10.35 The South Bank Show. Study of Colin Thubron, widely regarded as one of the best travel writers in the world. The South Bank Show follows Thubron as he journeys to the heart of Central Asia and explores the republic of Uzbekistan.

11.35 Hooked. Investigating strange anomalies in the way drug-related crimes are treated.

12.10 Cue the Music.

1.10 The ITV Chart Show.

2.15 Film: The Diplomatic Corpse. A newspaper owner sends his ace reporter to investigate a mysterious death. Starring Robin Bailey (1958); ITN News Headlines.

3.25 Pick of the Week.

3.55 Film: One Jump Ahead. Starring Diane Hart and Paul Carpenter (1955).

5.00 Soap.

CHANNEL4

6.00 Early Morning. 9.25 The Sword of Tipu Sultan.(English subtitles). 10.00 Dispatches. 10.45 Dennis. 11.00 Dramarama. 11.30 Flipper. 12.00 Little House on the Prairie.

1.00 Voyage to the Bottom of the Sea.

1.55 Opera on 4: War and Peace. Prokofiev's musical adaptation, based on Tolstoy's novel. The Seattle Opera production divides roles between Soviet and American singers, including the Kirov Opera's baritone Vladimir Chernov, supported by Sheri Greenawald, Stella Zambalis and Philip Skinner (English subtitles).

5.55 News Summary.

6.00 Teenage Health Freak.

6.30 The Wonder Years.

7.00 Fragile Earth. The wetlands of Donana in Spain are being used to irrigate fruit and rice crops which need huge amounts of chemicals. But the chemicals also poison the surrounding environment and wildlife. Fragile Earth investigates.

8.00 Whicker's World – Down Under. Mineral prospector Lang Hancock has amassed over $200m. Alan Whicker meets him and finds out about his controversial plans to open up Australia's last frontier as the mineral capital of the world. Previously shown on ITV.

8.30 On the Edge. Tracing the influence of music from the fairs of India to the medieval music of Spain. Featuring sarangi player Ram Narayan, and troubador music from Sinfonye.

9.30 Burning Books. Including an interview with author Jeffrey Archer. Plus, Claire Rayner reviews Final Exit; Jonathan Meades offers his opinion on The Literary Companion to Sex; Robert Elms and Charles Nichol look at Worst Journeys, and Travelling the World; and Eve George and Jeremy Corbyn give their views on A Short Visit to Planet Earth.

10.00 Film: The Mouse That Roared. A small, bankrupt state aims to gain financial help by invading *the United States. Expecting* defeat, they await monetary aid because of their plight. Starring Peter Sellers (1959).

11.35 Film: Forget Mozart. A magistrate interrogates a group of suspects gathered round the bed of the dead Mozart in an attempt to discover the truth behind the maestro's death. From Germany (1985).

1.15 Close.

REGIONS

ITV REGIONS AS LONDON EXCEPT AT THE FOLLOWING TIMES:-

ANGLIA:
12.25 Goals Galore. 12.50 Anglia News. 2.00 *Yarwood in Conversation. 2.30 A Place in the* Sun. 3.00 Cartoon Time. 6.35 Anglia News.

BORDER:
12.30 Gardening Time. 12.55 Border News. 2.00 Coming of Age. 2.25 Cover Story. 2.50 Bullseye. 5.30 Scotsport. 6.35 Border News.

CENTRAL:
12.30 Gardening Time. 12.55 Central News. 2.00 Information Received. (1962) 5.00 Dinosaurs. 6.35 Central News.

CHANNEL:
12.30 Reflections. 12.35 Les Francais Chez-Vous. 12.50 Tele-Jornal. 2.00 Ski Tips. 2.30 Cartoon Time. 6.35 Channel News.

GRAMPIAN:
10.45 Peppino. 11.15 Eikon. 11.45 Link. 12.30 My Secret Identity. 12.55 Grampian Headlines. 2.00 Batman. (1966) 4.00 Animal Country. 4.30 Bullseye. 5.00 Scotsport. 6.00 Scotland's War. 6.35 Grampian Headlines. 10.30 Grampian Weather.

GRANADA:
12.25 Close to the Edge. 2.00 The A-Team. 2.50 Bullseye. 5.30 Coronation Street. 6.35 Granada News

HTV:
12.30 West Country Farming. 12.55 HTV News. 2.00 HTV Newsweek. 2.30 Planning the Small Garden. 6.35 HTV News.

HTV Wales as HTV except:
2.00 Wales on Sunday.

SCOTTISH:
10.45 Glen Michael's Cartoon Cavalcade. 11.15 Link. 11.30 Let's Rejoice. 12.30 Eikon. 12.55 Scotland Today. 2.00 Pete's Dragon. (1977) 4.30 Bullseye. 5.00 Scotsport. 6.00 Scottish Action on the Elderly.

TSW:
12.30 TSW Farming Week. 12.55 TSW News. 2.00 Children's Island. 2.30 Spectacular World of Guinness Records. 3.00 Gus Honeybun's Magic Birthdays. 6.35 TSW News. 10.30 TSW Weather.

TVS:
12.30 TVS News. 12.33 Agenda. 2.00 Ski Tips. 2.30 Cartoon Time. 6.35 TVS News.

TYNE TEES:
12.25 The Best of British. 12.55 Regional News. 2.00 Around the World with Peter Ustinov. 2.20 Dinosaurs. 2.50 The Back Page. 6.35 Regional News.

ULSTER:
12.30 Gardening Time. 12.55 Ulster News 2.00 Matlock. 2.50 Bullseye. 5.30 Coronation Street. 6.35 Ulster Newstime 10.30 Ulster Newstime

YORKSHIRE:
12.25 Goals on Sunday. 12.50 Calendar News. 2.00 Run, Simon, Run. (1970) 5.30 Animal Country. 6.00 Bullseye. 6.35 Calendar News. 10.30 Local Weather. 11.35 Scrumdown.

S4C Wales as Channel 4 except:-
9.30 It's A Dog's Life. 10.00 The Crystal Maze. 11.00 Voyage to the Bottom of the Sea. 12.55 Now You're Talking 1. 1.20 Now You're Talking 2. 1.45 Bwrw Mlaen. 2.15 San Steffan. 2.35 Fragile Earth: Defenders of the Wild. 3.35 A Run for Your Money. (1949) 5.10 The Three Stooges. 6.30 Pobol Y Cwm. 7.05 Newyddion. 7.10 Saith Ar Y Sul. 7.25 C'Mon Midffild. 8.10 Hel Straeon. 8.40 Dechrau Canu, Dechrau Canmol. 9.10 Mwy Na Phapur Newydd. 9.55 TV Heaven: Introduction. 10.00 At Last the 1948 Show. 10.45 Coronation Street. 11.55 Callan.

RADIO

SATURDAY

BBC RADIO 2
6.00 Barbara Sturgeon. 8.05 Brian Matthew. 10.00 Anne Robinson. 12.00 Gyles Brandreth. 1.00 The Navy Lark. 1.30 I'm Sorry I Haven't a Clue. 2.00 Ronnie Hilton. 3.00 Steve Race. 4.00 The Great Musicals. 4.30 Junkin's Jokers. 5.00 Cinema 2. 5.30 Music by Richard Rodney Bennett. 6.00 Things Are Swinging. 7.00 The Pasadena's Almanac. 7.30 Invitation to the Dance. *9.30 Easy Does It.* 10.00 The Arts Programme. 12.05 Doris Day. 12.35 Night Ride. 3.00 A Little Night Music. 4.00 Barbara Sturgeon.

BBC RADIO 3
6.55 Weather and News Headlines. 7.00 Morning Concert. 8.30 News. 8.35 Haydn and Fauré. 9.30 Saturday Review. 12.55 Words. 1.00 News. 1.05 Grieg and Mahler Songs. 2.00 Rafael Kubelik. 4.00 Tuning Up. 5.00 Jazz Record Requests. 5.45 Third Opinion. 6.30 (FM from 9.25) Live from the Met. 9.20 (FM) Chopin and Schumann. 9.25 (MW) Test Match Special. 10.20 (FM only) The Cambridge Musick. 11.05 (FM) Contrasts. 12.00 (FM) News. 12.05 Close.

BBC RADIO 4
6.00 News. 6.10 Farming Week. 6.50 Prayer for the Day. 6.55 Weather. 7.00 Today. 8.58 Weather. 9.00 News. 9.05 Sport on 4. 9.30 Breakaway. 10.00 News; Loose Ends. 11.00 News; The Week in Westminster. 11.30 From Our Own Correspondent. 12.00 Money Box. 12.25 Just a Minute! 12.55 Weather. 1.00 News. 1.10 Any Questions? 1.55 Shipping Forecast. 2.00 News; Any Answers? 2.30 Saturday Playhouse. 4.00 News; The Art of Travel. 4.30 Science Now. 5.00 Second to None. 5.25 Family Fortunes. 5.50 Shipping Forecast. 5.55 Weather. 6.00 News; Sports Round-Up. 6.25 Week Ending. 6.50 Ad Lib. 7.20 Kaleidoscope. 7.50 Classic Serial. 8.50 Only Connect. 9.20 Music in Mind. 9.50 Ten to Ten. 9.59 Weather. 10.00 News. 10.15 Northern Lights. 10.45 For He is An Englishman. 11.00 Richard Baker Compares Notes. 11.30 The Nick Revell Show. 12.00 News. 12.20 Weather; Interlude. 12.33 Shipping Forecast. 12.43 (FM) Close. 12.43 (LW) As World Service.

BBC RADIO 5
6.00 Newsdesk. 6.30 Morning Edition. 9.00 *On Your Marks.* 12.00 Sport on 4 Plus 1. 12.30 Sportscall. 1.30 Sport On 5. 6.00 News. 6.06 Six-O-Six. 7.30 Le Top. 9.00 Afropop Worldwide. 10.00 Sports Bulletin. 10.15 On the Level. 12.00 News and Sport. 12.10 Close.

WORLD SERVICE
BBC for Europe can be received in Western Europe on Medium Wave 648 kHZ (463m) at the following times GMT:
6.00 News; News About Britain. 6.15 The World Today. 6.30 Londres Matin. 7.00 Newsdesk. 7.30 People and Politics. 7.45 The Mozart Phenomenon. 8.00 News; Words of Faith. 8.15 A Jolly Good Show. 9.00 News; Business Report; Worldbrief. 9.30 Personal View. 9.45 Sports Roundup. 10.00 News Summary; Jazz Now And Then. 10.15 Letter From America. 10.30 Waveguide. 10.40 Book Choice. 10.45 From The Weeklies. 11.00 Newsdesk. 11.30 Londres Midi. 11.45 Mittagsmagazin. 12.00 News; News About Britain. 12.15 Multitrack 3. 12.45 Sports Roundup. 1.00 Newshour. 2.00 Club 648. 2.15 Personal View. 2.30 Sportsworld. 3.00 News. 3.15 Sportsworld continued. 4.00 News; News *About Britain.* 4.15 BBC English. 4.30 News in German. 4.40 German Features. 5.00 News Summary; Sportsworld. 5.30 Londres Soir. 6.14 BBC English. 6.29 News Summary. 6.30 Heute Aktuell. 7.00 German Features. 7.54 News in German. 8.00 News; Book Choice. 8.15 Londres Derniere. 8.30 Europe This Weekend. 9.00 Newshour. 10.00 News. 10.15 Meridian. 10.45 Sports Roundup. 11.00 News; Words of Faith; Book Choice. 11.15 A Jolly Good Show. 12.00 Newsdesk. 12.30 The Ken Bruce Show. 1.00 News Summary. 1.09 Play of the Week: The Black Prince. 2.00 Newsdesk. 2.30 What Do Hindus Believe? 3.00 News; Words of Faith. 3.15 Sports Roundup. 3.30 From Our Own Correspondent. 3.50 Write on. 4.00 News. 4.30 Business Review.

SUNDAY

BBC RADIO 2
7.00 Don MacLean. 9.05 John Sachs. 12.00 Desmond Carrington. 2.00 Benny Green. 3.00 Alan Dell. 4.00 Palm Court Time. 4.30 Sing Something Simple. 5.00 Charlie Chester. 7.00 Richard Baker. 8.30 Sunday Half-Hour. 9.00 Alan Keith. 10.00 Arts Programme. 12.05 Gyles Brandreth. 1.00 Ellis Hill with Night Ride. 3.00 A Little Night Music. 4.00 Steve Madden

BBC RADIO 3
6.55 Weather; News Headlines. 7.00 Morning Concert. 8.30 News. 8.35 Music for the Serenissima. 9.15 The Julliard Quartet. 10.15 Music Weekly. 11.00 From the Proms 1991. 12.30 Poulenc. 12.45 Signposts. 1.00 News. 1.05 Your Concert Choice. 2.30 Late Haydn and Brahms. 3.20 Poet of the Month. 3.30 Purcell and Handel. 5.00 Soundings. 6.00 The Wisdom of God. 7.00 Stamitz Quartet. 7.30 Sunday Play. 9.20 (FM only from 9.25) Ave Atque Vale. 9.25 (MW) Test Match Special: New Zealand v England. 10.50 (FM) World Youth Choir. 11.30 (FM) Three Flutes. 12.00 (FM) News. 12.05 Close.

BBC RADIO 4
6.00 News. 6.10 Prelude. 6.30 News; Morning Has Broken. 6.55 Weather. 7.00 News. 7.10 Sunday Papers. 7.15 On Your Farm. 7.40 Sunday. 8.50 The Week's Good Cause. 8.55 Weather. 9.00 News. 9.10 Sunday Papers. 9.15 Letter from America. 9.30 Morning Service. 10.15 The Archers. 11.15 News Stand. 11.30 Pick of the Week. 12.15 Desert Island Discs. 12.55 Weather. 1.00 The World This Weekend. 1.55 Shipping Forecast. 2.00 Gardeners' Question Time. 2.30 Sunday Playhouse. 3.45 The Beaten Track. 4.00 Analysis. 4.47 Golden Oldies. 5.00 News; Down Your Way. 5.40 First Person. 5.50 Shipping Forecast. 5.55 Weather. 6.00 News. 6.15 Feedback. 6.30 Present Voices, Past Words. 7.00 The Desert War. 7.30 Bookshelf. 8.00 The Radio 4 Debates. 9.00 The Natural History Programme. 9.30 Special Assignment. 9.59 Weather. 10.00 News. 10.15 Greenland the Hard Way. 11.00 In Committee. 11.30 Seeds of Faith. 12.00 News and Weather. 12.33 Shipping Forecast. 12.44 (FM) Close. 12.44 (LW) As World Service.

BBC RADIO 5
6.00 World News. 6.09 News About Britain. 6.15 It Made Our World. 6.30 Meridian Reports. 7.00 Newsdesk. 7.30 Sunday Edition. 9.00 Johnnie Walker with The AM Alternative. 10.30 Education Matters. 11.00 News and Sport; Topolski's Travels. 11.30 A Century Remembered. 12.00 News and Sport. 12.05 Ring a Winner. 1.40 Open University. 2.00 Sport; And Now Read On. 2.30 Football Extra. 5.00 Sport. 5.10 Bob Hatton Rattle. 6.00 Sports Bulletin. 6.05 Mission Investigates. 6.30 The Railway Children. 7.00 Sports Bulletin. 7.10 Open University. 10.00 Sport. 10.10 Across the Line. 12.*0 News and Sport. 12.10 Close.

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CHESS

THE International Chess Federation (Fide) is near victory in its long struggle with the Grandmasters' Association (GMA), where the battlefield has been control of the world title and other events.

The GMA's president, world champion Gary Kasparov, resigned last year when his colleagues voted to compromise with Fide; then its chairman, Bessel Kok quit when he left Swift the banking transmission firm. The final blow came when Swift withdrew support from the GMA's flagship event, the World Cup series among top grandmasters, which now looks a likely victim of the recession.

Fide's difficulties began in 1985 when its Filipino president, Florencio Campomanes, stopped the Kasparov v. Karpov title match in Moscow. Karpov led 5-3 but had just lost twice and seemed near to collapse. In the ensuing feud, Kasparov led a campaign against the president's re-election.

Campomanes, a natural survivor, a man of great energy and a skilled diplomat, won the election with massive support from Third World. He had been a protégé of President Marcos, whose regime sponsored the 1978 world title series at Baguio.

The Aquino government has also supported chess. Manila hosted the 1990 inter-zonal and expects more than 150 teams at the 1992 chess olympics in June.

Campomanes' latest coup is a reconciliation with Kasparov, who appeared in person at Fide's recent Berlin congress. Kasparov could afford to smile; his title defence at Los Angeles next year will be sponsored by the Intermark group with a record prize fund of £2.2m.

CHESS No 909

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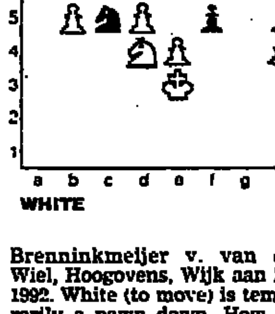


WHITE

Brenninkmeijer v. van der Wiel, Hoogovens, Wijk aan Zee 1992. White (to move) is temporarily a pawn down. How did he force a quick win?

■ No 908, intended to puzzle readers, instead defeated the chess editor. As several of you pointed out, the correct key move is 1 Qa4.

Leonard Barden

Solution Page XVI

BRIDGE

TODAY'S hand is from rubber bridge. Here is Don't Be Greedy:

N
♠ 9 4
♥ 7 3
♦ K 7 6 5 2
♣ 9 6 4 3

W
♠ 8 7 5 2
♥ 10 5 4
♦ J 10 8 3
♣ J 5

E
♠ 6 3
♥ Q J 9 6 2
♦ A Q 9
♣ A 10 7

S
♠ A K Q J 10
♥ A K 8
♦ 4
♣ K Q 8 2

With both sides vulnerable, East dealt and started the bidding with one heart. After a moment's thought, South said two hearts, which is forcing to game. West passed. North replied with three diamonds and South re-bid three spades. The raise to four spades by North concluded the auction.

West opened with the four of hearts and East's knave was taken by the king. The declarer saw that the contract required some very careful handling if, as seemed likely, the trumps were divided 4-2.

At trick two, he cashed the heart ace and ruffed the eight with the spade four. He returned a club from the table, keeping the nine of spades to deal with a heart continuation. East naturally ducked, and the queen won.

So far, declarer had played faultlessly – but now he made an error which proved fatal: he led back a low club, hoping to find East with the singleton ace and so make an overtrick. Unfortunately, West won with the knave and switched to the diamond knave, which held.

A second diamond was ruffed in hand and the declarer's trump fortress was now undermined. He could draw trumps but could not make another trick. If he conceded a *club to East, the diamond* ace would inflict a force on South, this time breaching the fortress.

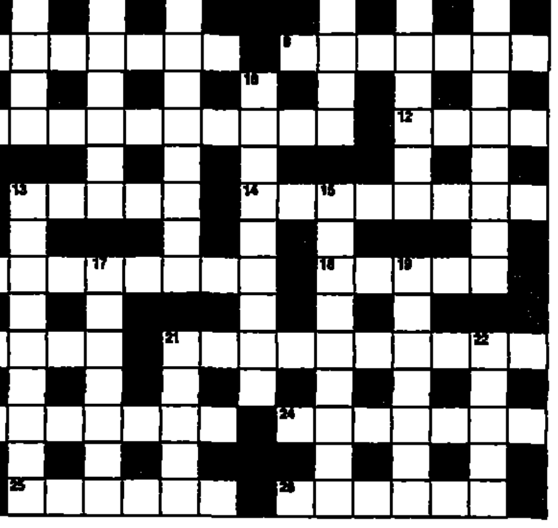
Let us replay the hand. After taking his club queen, South must return the king. This prevents West from getting in and leading a diamond. East makes two clubs and the diamond ace, but nothing else.

E P C Cotter

CROSSWORD

No. 7,768 Set by DINMUTZ

A prize of a classic Pelikan Souveran 800 fountain pen for the first correct solution opened and five runner-up prizes of £15. Solutions by Wednesday February 19, marked Crossword 7,768 on the envelope, to the Financial Times, Number One Southwark Bridge, London SE1 9HL. Solution on Saturday February 22.



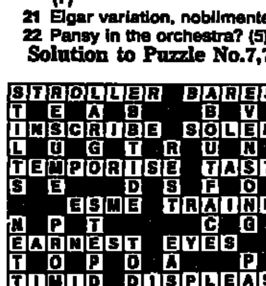
Name...

Address...

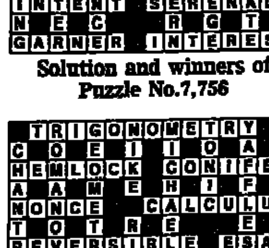
ACROSS
1 Lead on section of patent ice-box (6)
4 Wood and tin receptacle in the hearth (6)
8 Home rule for E. Med, possibly? (7)
9 Dog-hire in the news (7)
11 Not very well off?(10)
12 Drink left for a bird (4)
13 From whom Julius Caesar took the highest rent? (5)
14 Generals becoming swells .... (8)
16 .... joined forces (8)
18 Small bottle, holding tablespoonful, is indispensable (5)
20 Castle guard (4)
21 Engine of crazy design .... (10)
23 .... in place for Reading's scale railway (7)
24 Cheese so treated will be unnaturally high! (7)
25 Idler has only one shoe (6)
26 One of Hillary's friend in high places? (6)

DOWN
1 Sign on England's openers to take on spin, mostly (5)
2 Mother's ruin in a flask (7)
3 Gas of mine suppressed a parliamentarian (5-4)
5 Street-gun possibly taken for a ride (5)
6 His charges still remain to be seen (7)
7 Peach of an apple? (9)
10 If upset, fit another hearth (9)
13 Constitutional, omitting the square, is most pleasant (9)
15 No score of Romeo and Juliet, for example? (4-5)
17 Mope about air-conditioned shops (7)
19 Long-time-no-see, this bishop (7)
21 Elgar variation, noblimente (5)
22 Pansy in the orchestra? (5)

Solution to Puzzle No.7,767



Solution and winners of Puzzle No.7,756



G.C.A. Thom, London SE21; Elizabeth Chisman, London SW 15; N.G. Hanson, Abbotsbury, Dorset; Mrs E. Lewenstein, Hove, Sussex; P. Revzin, Brussels, Belgium; P. Tetsell, Horsham, Sussex.

The trials of learning to love the hated Beattie

***Dominic Lawson** explains how the nice guys at British Telecom made everything come right in the end*

I wonder why British Telecom is Britain's most hated company. Its business is not harmful in any way; so far as I am aware it has never been the cause of any life threatening industrial accidents; its profits are not derived from the corruption of minors, nor the hunting or skinning of animals; it does not pollute our rivers, while its despoiliation of the countryside is far less unsightly than, for example, than that resulting from the gigantic pylons which the electricity supply industry positively gloats over in its television advertisements.

And yet, everybody seems to hate British Telecom. Is it because it makes profits of £100 a second? This seems rather an irrelevant measure. Perhaps it is because the company makes a rate of return of almost 75 per cent on national calls, and not far short of 45 per cent return on local calls. But these figures, while doubtless a national disgrace, are not, I suspect, known to more than a very small percentage of those who moan and complain about British Telecom.

Besides, I recall a few years ago attending a press conference at which the then chairman of British Petroleum, Sir Peter Walters, was being castigated for putting up the price of petrol too much and too often. Sir Peter robustly answered that if people thought that BP was making an extortionate return they should stop moaning and buy his shares.

This argument is even more applicable to British Telecom: many of its customers did buy the shares when they were floated not once but twice on the stock market, and they have probably grown accustomed to the plop of a dividend cheque on their front door mats. That, after all, was the main, if slightly disreputable, reason for privatising British Telecom as a near monopoly.

I have rehearsed these arguments to myself over the past week, as an exercise to reduce my blood pressure. You see, Doctor, I had begun to hate the people at British Telecom, too. First, they had overcharged me on my old London telephone number. Then they came to remove two telephones at our new London address, omitting to bring the two new telephones that we ordered.

Then, when they did bring the two new lines, they installed them in such a way that each interfered with the other's reception. We were told that to have the lines more than two inches apart would be "complicated".

Then we were cut off on our number in the country. Our fault really, we stupidly went on honeymoon without telling British Telecom, and in a four week period three bills, blue, red and final, arrived, and we were disconnected for non-payment of a bill of £65, much of it in the inimitable manner of British Telecom rental in advance.

On Monday I paid the bill and rang up the BT disconnection unit in Bristol, to ask when we would be reconnected.

"When we have your cheque in the system."

"How long will that take?", I enquired.

"It's all done by computer."

"When your computer accepts my cheque, will I be reconnected?"

"No. Then we have to get the engineers. It's not a simple business."

"It was simple enough to cut us off. How long will it take the engineers to put our number back into operation?"

"I don't know."

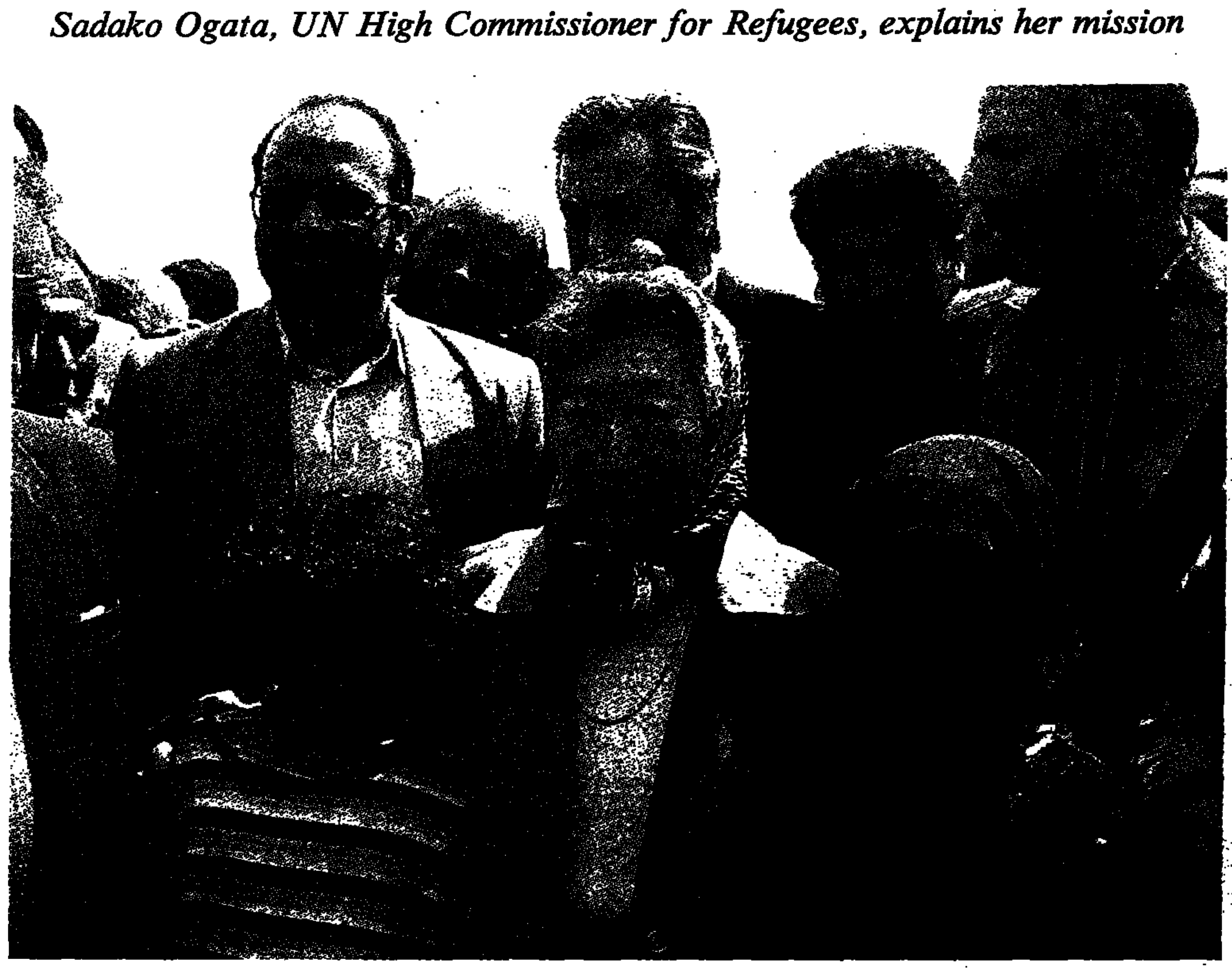
At this point I disconnected the BT office in Bristol, and rang the BT Press Office in London. They were wonderfully understanding, gentle and sympathetic. Within a couple of days, we were reconnected in the country, and in London, British Telecom engineers speedily returned to put the two new lines where they should have been all along. And now I really can't think why everybody hates British Telecom so much. Such charming people – if you know the right ones.

■ *Dominic Lawson is editor of The Spectator.*

Private View/**Christian Tyler**

One woman's crusade for the world's dispossessed

Sadako Ogata, UN High Commissioner for Refugees, explains her mission



WHAT can one small woman do for the 17m people in this world who are refugees from war, persecution or man-made disaster?

Quite a lot, is the answer, if that woman's name is Sadako Ogata.

Mrs Ogata, a Japanese professor of international relations, became United Nations High Commissioner for Refugees a year ago. It was a baptism of fire – her first task in the aftermath of the Gulf war was to organise protection for Iraqi citizens, in their own country, from their own rulers.

Born into the top drawer of Japanese society, she is well connected both at home – she is a friend of the Empress – and abroad. Her father and grandfather were diplomats. She was educated partly in the US. Her husband, Shijuro, was deputy governor of the Bank of Japan and of the Japan Development Bank and has just been appointed one of the first non-British directors of Barclays. Their son makes *avant-garde* videos and their daughter is a banker.

I asked Mrs Ogata whether she felt she had got to grips with the job.

"Yes, I think I have. But it's been a very difficult year because the refugee problem's kind of burst out all over."

She arrived at the agency's headquarters in Geneva with the reputation of possessing a formidable intellect, a strict sense of obligation, determined self-effacement and a complete lack of political guile. It sounds an intimidating combination. Yet even during our short encounter her warmth and gentle humour floated to the surface.

Her staff adore her. They like the way, when she is in Geneva, she eats in the cafeteria and encourages them to chat. They are impressed by her energy in the field, her attention to the smallest detail, her accurate memory, her stamina, her easy way with people.

During her visit to the Cambodian refugee camps in Thailand she took the trouble to reassure families who were worried about being parted from their pet dogs during repatriation. Mrs Ogata sympathised: she has a dog herself, a Yorkshire terrier called Christopher, which she has had to leave behind in Tokyo.

"I travel, I go into the field because I have to get a sense of reality of what the needs are," she told me. "I personally have to have that sense of reality."

Was this a job you wanted? "I was pleased to get it but I never wanted it. I thought after I got it about all the things I have done in the past and how I could bring them together. That I did think. But I never wanted the job."

What did you want to do?

"I'm a very practical person, and really I meet challenges as they come."

So you are not a long-term career planner? "No, I've never planned anything."

I asked her whether her previous work on human rights for the UN had given her a strong sense of engagement, and whether the fact that she is a Roman Catholic was relevant.

"Maybe, yes. I think there is a Catholicness, a Japaneseness, there's a womanness, the fact that I am somebody who has lived through a big war, and a defeat. These are all big personal experiences. And my involvement in the UN with human rights . . . All these things come together. I cannot say any one is dominant."

Before your election your friends said it would be good for the UN to have a Japanese and a woman. Do you agree now?

"Yes, I agree with that."

What reasons would you give?

"In the first case, Japan has done a lot financially in contributing but somehow there has not been a Japanese person as much in the forefront as there should have been. This brings Japan much closer to international co-operation; it also brings the Japanese people into it." Her appointment has encouraged a big increase in private donations for refugees from Japanese business and other groups.

What about your being a woman? Does a woman bring something different to an organisation?

"You'd better ask my colleagues. I bring myself. I don't know if a woman necessarily brings something. I never thought of it that way."

But for the public to see a woman at the head of a humanitarian agency might make some sort of good connections?

"Maybe they think women are a bit more humanitarian."

As mothers?

"Motherhood, compassion, all those things."

What about male politicking in large organisations? Is a woman able to cut through a lot of that?

"I'm a pretty organised person and I like to run meetings in a rather structured way. Whether that is a manly way or a womanly way, I don't know."

Mrs Ogata hates talking about herself but was too courteous to say so. She was dressed in a smart tweed suit with several strands of little pearls around her neck. Although I had been told she scarcely ever had time to go to a hairdresser,, her grey hair was perfectly waved. She was quite unruffled.

'There are refugees and there are other migrants. So long as they are all lumped together as refugees we can't get anywhere'

I asked her whether she had been able to bring a fresh analysis to bear on the refugee problem.

"I don't know whether I would claim that much. But we must be aware that there is a wide range of migratory movements. Refugees are just one of them. There is immigration, foreign workers, there are all sorts of reasons why people are moving. To understand the significance or the danger of what we are facing we have to know the whole range. We should also come up with much more diverse answers."

Was she was worried by resurgent racism in Europe?

"Right now most of the people who come to Europe come as asylum-seekers when their need is not necessarily asylum but getting jobs. We should clarify, otherwise the institution of asylum itself is affected and undermined. People are now talking about 'true refugees' and 'false refugees'. This is a very wrong way of dividing them."

You mean even the terminology can be damaging?

"The terminology is very, very damaging. There are refugees and there are other migrants. So long as they are all lumped together as refugees we can't get anywhere."

She is worried that a less liberal Europe, including Britain, could undermine one of her agency's strongest supports. She pointed out that Europe and North America still harboured only about 12 per cent of the world's refugees. Most of the burden was carried by developing countries. "In that sense they are doing a wonderful job when they are poor themselves."

Heads of UN agencies are traditionally reluctant to point the finger. Are you prepared to take a higher profile?

"Well, I think I have taken some clear stands from time to time, yes." (She has called for emergency aid for Albania and this week she reprimanded the US for sending back Haitian boat people.) "But just pontificating is not what we should be doing. If we are going to criticise then we will have at the same time to offer some kind of help."

Do you find the UN inefficiently bureaucratic? "Oh, it depends. But it doesn't affect my work. That is not a problem."

Is your agency free of it?

"No, I think there are some bureaucratic aspects to my agency, too, in the decision-making procedures. Clearing a position takes a lot of time. But I make sure that it's not for bureaucratic reasons that we do not act when we have to act. In emergencies we are pretty good."

We have heard a lot about a new world order. Has your agency benefited from this new reinforcement of the UN ideal?

"I think we have benefited in that a lot of work has come to us, even in Yugoslavia where there are half a million internally displaced people – in a European country.

"The international community expects the UN to do much more. The big wars have probably gone but there are going to be a lot of internal wars and unrest in which the UN is expected to carry out peacemaking, peace-keeping and humanitarian work."

So even if the situation is grim in many countries, the impetus behind the UN may be quite high?

"Quite high, yes. It is grim, but there are also some good parts. With the Cold War ending, many conflicts are entering into the solution phase, like Cambodia or Angola, South Africa, Afghanistan.

"Wherever there is peace, those who fled the conflict are ready to go back. So we are expected to play a very large role in repatriation." (The agency is projecting that 3m people will be voluntarily repatriated this year alone.) "I think in '92 and '93 there will be a concentration of repatriations of a kind we have never had before."

My half-hour was up. I remembered being told that Sadako Ogata, though 64 now and not much more than 5 ft tall, is a good tennis player. One last question, I said. How is the tennis?

"I play on weekends whenever I can. This job is a very – shall I say – hard job and you have to keep up your physical stamina. So I try to maintain athletic interests. Also," she smiled sweetly, "I like tennis."

Heaven and Hell

The disgraced soldier who was jailed for doing his duty

***Edwina Currie, MP,** recalls a sobering night in the French countryside*

WE SAT, my friends and I, around a white table in the soft, warm French evening on a terrace overlooking a field and a forest. Crickets sang lustily in the hedge and a lizard scuttled to rest under a stone.

The cheeseboard sat on the table, creamy Brie oozing, the milk-white round of chèvre reflecting the ghostly glow of the rising moon. We were full of food and a little drunk, even as Mike brought a *tarte aux poires* and Armagnac and port to the table. Laughing: "Oh no, I really couldn't manage any more" and "It's a good job we don't have far to go ... can you imagine driving home in this state in England?"

Then, I said to them: "Tell me your ideas on Heaven and Hell. Is this Heaven? Sitting here, with friends, escaping from the realities of home and work? If so, what would Hell be – going back?"

Mike lives six months in France, six months in Wiltshire. Very British, he "retired" from business at the age of 45 more than 20 years ago. He is tanned, moustachioed, fit, young-looking. He lives alone and fills his time by pottering around and doing-up the ruined mill on his land, digging drains and laying floors, and arguing with the local artisans. He loves cooking and regarded our presence as an opportunity, not a chore, serving up a whole salmon and trying out a new sauce with comments like "piquant" and "too much?"

"This is as close to Heaven as I've ever been," he said, leaning back, hands behind head. "All it lacks is someone *sympa* to share it." He grinned roguishly at Marjorie, the only unaccompanied woman in the group. Her husband had been forced to return to his hot, sticky office in London. She tried out a rakish smile, hiccuped slightly and dropped her eyes to the fruit bowl, blushing.

An uncomfortable silence. Mike's two broken marriages and a life of solitude, even in this lovely place, did not seem a recipe for Heaven to me. And eyeing other men's wives was a hiding to nothing; when did adultery end in happiness for all concerned?

I turned to Alain, the young local builder. The French abandon their dilapidated old farmhouses, built of solid creamy limestone with oak beams sprouting from every angle, in favour of modern little boxes near town with piped water and television aerials. The English cannot believe their luck in finding so much gorgeous stuff within easy driving of the ports, going for a song. Nothing had made Alain happier than the day the Channel tunnel broke through. So, he improves his English and his wife grows fat.

"I have my idea about Hell," he mused. "There, I would not be able to do any sport. There would be no football, no cycles, no swimming, no-one to play squash, no boules, no – nothing. And I would be in pain, tied down, not able to move my arms and legs." And he did so, energetically, knocking a glass of wine off the table. The red stain spread on the bleached stone in an ugly puddle. It seemed, in our alcoholic fug, incredibly funny.

He is young and fit – now. The way he goes, heaving planks and lugging stone, will destroy his back eventually. His Hell is coming, built into his life-style as he gets older.

For me, Heaven is a place where all the people I have ever loved are gathered, all as young and handsome and beautiful as when first we knew each other. My husband has rather more of his hair. My dark-haired, leggy older daughter, now nearly 17 and happy to back-pack around the Continent, casual about a Euro-passport and the single currency, is again four years old: huge, brown eyes, fair hair curling around small ears, in the garden where we used to live. Old enough to say funny, sweet things, small enough to be carted off when naughty. Now, she is bigger than me and still growing: I'm the shortest in the family.

My younger daughter is a baby, chubby and bald and impossible. It was not until nine months old that she smiled, and then sunshine came into every room. Now, she is in America with cousins and awaits her GCSE results. We may never spend the summer all together again, just the four of us. The babies are gone forever.

"I should have thought," suggested Mike, looking at me sideways, "that, with your history, Hell would be to be disgraced." Disgrace? Humiliation? No, you can live through that, especially if you believe your detractors are wrong. Put it behind you and carry on. "What do you mean?" I asked. "I was disgraced once," he said. "I've never told anyone before; and that was Hell on earth for me." We settled down to listen.

"I had been a very young second lieutenant as the [Second World] war finished and volunteered to continue in service.I found myself in the wake of Mountbatten, in northern India, as he and [his wife] Edwina (your namesake) and [British prime minister Clement] Attlee prepared to hand over independence. There was trouble – a lot of it – but the British government was not prepared to do more than offer to keep control. The Labourites didn't care, see, they wanted out.

"I was sent with a sergeant and six or seven privates up to one area where there had been massacres – Moslems slaughtering Hindus, trying to get them to leave. Mostly, we got to the villages a day or two after the events and could do no more than help with the disposal of bodies and make reports. It was a sickening business.

"Then we had advance warning. I was ordered with my troop to one larger stockaded village. Hundreds of Moslems, armed to the teeth, were sitting encircling the village as night fell, just like vultures, only white: you could see their clothes in the dark out there, hear their muttering all night.

"The place was crowded with refugees: women, kids everywhere. God, was I scared – I was only about 21. I posted a man to each corner of the stockade and gave them five live rounds each. As dawn came, the whole ghastly host started to charge, waving knives and screaming for blood. And they got it from us, as we opened fire. It worked – the moment men fell, they turned tail and were off. We were able to get out in one piece."

We cheered. "Well done! What was wrong with that?" But Mike was far away. "I was court-martialled – charged with manslaughter. Not orders, see; Jinnah [a Moslem politician who became Pakistan's first governor-general] and the others didn't like it. Found guilty, imprisoned two years. Drummed out. Disgraced." He reached for his brandy and drained it at a gulp. Tears were running down his face. Hell was sitting right there among us.

It was time to leave; subdued, we said our farewells. Mike continued to sit, alone on the terrace, refilling his glass.

Budget reaction latest

Michael Thompson-Noel

LIKE A trawlerman harvesting mackerel, I hauled in a wriggling catch of pre-post-Budget quotes this week. The UK Budget is still 4½ weeks away. But to stay ahead of the news I deem it imperative to strike hard and strike early. In the age of information, only those journalists who get ahead of the news, who anticipate its twists and turns with high-class speculation, stand a chance of elevating themselves above the slavering pack.

So I rang various celebrities to get their Budget reactions in the hope of repeating last year's coup. Last year's Budget was on March 19. Yet on March 9, Hawks & Handsaws quoted Labour leader Neil Kinnock as follows: "The decision to . . . boost VAT was particularly sensitive, thoughtful and statesmanlike."

As I recollect, only Hawks & Handsaws predicted last year's swingeing increase in VAT. But enough of dusty triumphs. Here are this year's pre-post-Budget quotes:

Prime minister John Major: "Thank you very much for ringing me on the telephone and asking me my opinion. Above all, this was a Budget of prudence and caution. There are signs, as you know, that Finland and the Maldives, to name just two, are emerging from recession, and from that we can take cheer. But it would not have been appropriate at this particular juncture to pump up the volume in the UK economy. That is why we raised most categories of indirect taxation yet left income tax alone. As a country we cannot spend what we have not earned. That is what Helmut tells me, and I repose the utmost confidence in his particular views. Thank you for telephoning me."

HAWKS & HANDSAWS

Neil Kinnock: "I have to say that I found this a statesmanlike Budget, thoughtful and well-crafted, caring and finely-tuned, in short, a carbon copy of the Budget we would have presented if the Tories hadn't run scared and refused to face the country at the ballot box, stand up and be counted, 13 wasted years of Tory mis-rule and mis-management, squandering Britain's assets, if, as I say, the Tories had had the guts to call an early election then a Budget like this, caring and well-crafted, is very much the Budget that a Labour government led by me would have been proud to present."

Wing Commander Paddy Ashdown, leader of the Liberal Democrats: "Nine out of ten. A compassionate, caring Budget. The fact that the Tories have stolen the Liberal Democrats' clothes is not something I wish to comment on."

Environment secretary Michael Heseltine: "This was not the right Budget. I admire John Major personally, but he is like a cricket captain who takes to the field with insufficient bowlers, insufficient batting strength, no wicket-keeper, six silly mid-ons and a vague hope that rain will stop play before tea-time. Did you get that, Michael, or shall I read it to you again?"

Transport secretary Malcolm Rifkind: "Go away! Go away!!"

Opposition Trade spokesman Gordon Brown: "What a snivelling Budget. We are back where we started at the onset of the Tory Terror 13 years ago. But the tumbrels are greased, the guillotine hovers sharp. Away with these disgraced tyrants and their lip-sync charters."

As you can imagine, talking to politicians soon gets fatiguing. So I turned, once again, to the sharp end of British novel-writing for some red-corpuscled quotes:

Ian McEwan: "Did you see Norman Lamont's speech? Were you watching when he closed his eyes and breathed deeply, as though inhaling a fragrance. Then he said in a reasonable way: 'Let me re-order the facts.'"

Nicholas Mosley: "We do not want to be made better. We want to become worse, to make an end of it."

Nigel Williams, author of The Wimbledon Poisoner: "Who expected happiness? The people with yachts and penthouses and as much sex as they want and shares and private beaches and planes constantly at their disposal and suntans and fantastic digestions are not, most of them, happy. Oh no. Happiness is a more complex emotion than that."

Gordon Burn, author of Alma Cogan: "Reality has been digitised and broken down into megabits or bongobytes, then replayed as a kind of endless fidgeting or fluttering on the periphery of experience, at the edge of vision. Motes dancing on the air. That's what I see. That's what I seem to be constantly seeing."

Pete Davies, author of Dollarville: "This ain't no way to run a railroad."

Helen Simpson, author of Four Bare Legs In a Bed: "If you ask me, John Major carries a lightbulb round in his pocket to illuminate whichever room he is visiting for more than a few minutes."

Martin Amis's executive secretary: "Hi there. Martin's tied up in conference but he'll fax you tonight. He knows you're time-urgent."